
Executive

16 January 2007

Joint Report of the Chief Executive and Head of Finance

Second Performance and Financial Monitor - 2006/07

Purpose of the Report

- 1 This report provides details of the headline performance issues from the performance monitor session held on the 21st December 2006. It also builds on this to present the latest projection of the Council's revenue income and expenditure for the current year.

Background

- 2 The Council's Management Team and Executive regularly review performance to check progress on service and corporate strategy delivery. This is monitored from three separate perspectives:
 - Progress on our corporate *priorities*.
 - A *corporate health* check for the Council (i.e. finance, staff, LPSA2, CPA and Customer First statistics)
 - Key performance issues of corporate significance from *directorates*.

This second monitor session also considered a special item regarding progress on Future York Group, which has been set up to tackle the recent job losses in the city.

- 3 Details of what was discussed at the session, together with all the presentations and performance data used, can be found on the Council's intranet site under '*Documents & Information/Council/performance information & management*'.

Progress on corporate priorities

- 4 In June 2006 the Executive approved a Corporate Strategy, consisting of 13 priorities which provide direction and focus to the rest of the Council over the next 3 years. The strategy is also intended to provide the focus for corporate performance monitoring.
- 5 A champion has been appointed to lead performance improvement and change for each of the 13 priorities. Draft Delivery & Innovation Plans (DIPs) are now being produced, setting out key actions and measures for each of these priorities. In future monitors these will be used to check progress and improvement.
- 6 In the meantime, this report provides details on 2 of the priorities led by the Director of Neighbourhood Services, which have been developed around York Pride and Safer City:
 - Priority 3: Improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible places.

- Priority 4: Reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York.

Progress on priority 3 – York Pride

- 7 Indicators for the majority of performance areas under this priority have continued to show an improving trend over the past 3 years. The scorecard in Annex 1 sets out the latest data for monitor 2. Performance data for 6 out the 18 indicators are survey based and will not available until monitor 3 in May 2007. This lack of in-year performance data will be addressed when the Delivery & Innovation Plan for this priority is completed.
- 8 There are a number of notable performance areas to mention for monitor 2, including some key satisfaction results:
- Litter: the first 'provisional' survey results for BVPI 199a (% of land and highways with combined deposits of litter and detritus) are now available and show a 1.5% improvement on last year's outturn of 22% (currently running at 20.5%).
 - Graffiti: the provisional result for BVPI 199b (the % of land and highways where unacceptable levels of graffiti are visible) also shows significant improvement (5.5% compared to 7.8% last year). However, similarly this only achieves 3rd quartile performance when compared against Audit Commission data. The average response time for removing obscene graffiti is still well under 2 days (currently 1.27 days compared to 1.98 days achieved last year). Similarly, non-obscene graffiti removal is also well under the 4-days standard (currently 2.49 days compared to 4.94 days achieved last year).
 - Abandoned cars: the % of abandoned cars removed within 24 hours, from the point of being legally able to do so, has dropped slightly since monitor 1 (94.82% from 97.29%). Nevertheless, performance for 2006/07 is expected to improve significantly on the 89% achieved in 2005/06. Current forecasts show that we should achieve the 2006/07 target of 95%. The % of new reports of abandoned cars investigated within 24 hours of notification continues to perform at nearly 100% - well in excess of the already challenging 2006/07 target of 95%.
 - Fly-tipping: the average time taken to remove fly-tips is now performing under the very challenging DEFRA 2-day standard (1.87 days).
 - Resident satisfaction: satisfaction rates with the York area and local neighbourhood areas have both risen by 1% since last year. Conversely, satisfaction with the condition of roads and pavements has declined from 56% to 51%.
- 9 Further improvement work for this priority is continuing over the rest of 2006/07, including the development of new 'street scene' customer standards; a comprehensive review of street cleaning/grounds maintenance services and improving the links between ward budgets and local improvement requirements.

Progress priority 4 - Safer City

- 10 The latest Talkabout survey figures show a continued increase in the number of people feeling York is a safe place to live (55% - a rise of 6% since 2004). Over the past 4 years all the crime and safety perception survey results have shown significant improvement, which contrasts with rising levels of crime across the rest

of the country. This may be due to the fact that crime in York continues to reduce in some of the most important category areas (see table 1 in Annex 2).

- 11 Table 2 shows the indicators are taken from the British Crime Survey, against which all Crime and Disorder Reduction Partnerships (CDRPs) are measured. The indicators shown in table 2 are used to show progress against the national crime reduction target of a 15% reduction by 2008. Regionally, this translates to an 18% crime reduction. However, York is in the high crime quartile of CDRPs, and as a result we have an overall crime reduction target of 24.1%.
- 12 Last year, the regional performance was 14% but this has now slipped to 11.7% for this year. Over the last 12 months, crime has increased significantly in South Yorkshire, flattened out in West Yorkshire. Although York and North Yorkshire have continued to see reductions in crime figures, the overall numbers are too small to impact heavily on regional performance.
- 13 It is evident from the year to date figures shown in Annex 2 that excellent reductions have been achieved across all crimes with the exception of theft from a vehicle. Violent crime has been an area of concern for some time, but this has now seen substantial reductions, largely due to:
 - combined efforts of North Yorkshire Police sustaining their Operation Claw, operating high visibility patrolling at weekends;
 - injections of substantial funding from the Home Office for the Alcohol Misuse Enforcement Campaign (AMEC);
 - partnership support delivered through the Safer York Partnership's Nightsafe Task Group.
- 14 Whilst the AMEC funding is not likely to continue, the Nightsafe Task Group are utilising other funding (e.g. SSCF & LPSA2) to continue their work to tackle violent crime, particularly that related to alcohol.
- 15 Cycle theft, has always been a problem in York but despite peaks and troughs of offending activity has not seen an increase this year compared to last. Safer York Partnership and North Yorkshire Police have run a significant cycle tagging operation centred on key target groups such as users of cycle parking in the city, universities and the hospital. So far this has resulted in over 2,500 cycles being tagged, generating income through the sale of tagging kits.
- 16 Theft of vehicles has decreased, largely due to the Council's efforts to improve security in car parks, combined with significant targeting of known vehicle crime offenders. However, theft from vehicles has seen a significant increase. This is largely due to a vast increase in the number of Satellite Navigations systems being stolen from vehicles. Activity to target these offences is continuing, including the use of tracker systems in Satellite Navigation equipment, promotion of Smartwater and continued messages to the community, asking them to remove the equipment when parking their vehicles.
- 17 The Government Office has congratulated the partnership on changing its delivery structure to incorporate the principles of the National Intelligence Model. From 2007 this will become a requirement for all CDRPs and one in which York will have a clear head start. The increased participation of all partners in developing initiatives

to tackle the key crime types seems to be successful. Over the last six months we have seen continued reductions in crime, where elsewhere in the country crime is increasing.

- 18 Further work on targeting offenders through the Priority Offender Scheme, together with continued partnership working to help gather evidence to support ASBOs on conviction, should assist in achieving further reductions.

Staff performance

- 19 Sickness absence levels across the council are continuing to fall (see annex 3). Sickness levels corporately are running at 5.69 days per FTE for the first two quarters compared to 5.88 days for the same period in 2005/06. Although short-term sickness has fallen by 0.4 days per FTE, long-term sickness levels have started to rise again corporately. This masks considerable variation in directorates, with short-term sickness rising in only one directorate (Resources), and long-term sickness has rising in 2 directorates (LCCS and HASS).
- 20 The council is still likely to be a bottom quartile performer even if the current improvement trend continues at the same rate for the remaining 6 months of the year. Based on a straight-line extrapolation, the provisional outturn for 2006/07 would be 11.3 days per FTE compared to provisional bottom quartile levels for unitary authorities for 2005/06 of 10.8 days.

Directorate	2005/06 Outturn	Staff sickness levels (Apr – Sept 2005)	Staff sickness levels (Apr – Sept 2006)
Corporate Figure	12.48 days	5.88 days	5.69 days
Chief Executive	8.98 days	3.71 days	1.87 days
Neighbourhood Services	18.66 days	9.45 days	5.65 days*
City Strategy	11.11 days	4.82 days	5.02 days
Resources	9.69 days	4.24 days	3.80 days
LCCS	9.01 days	3.95 days	3.98 days
HASS	19.82 days	9.98 days	9.66 days

* currently excludes Environment & Neighbourhoods

- 21 The reduction in sickness absence levels has not seen a similar fall in stress levels within the council, as stress levels have now risen to 1.08 days per FTE, a rise of 0.11 FTE days compared to the same period in 2005/06. Both Neighbourhood Services and City Strategy have seen a rise in stress levels, as have LCCS. Chief Executives, Resources and HASS have seen a significant reduction, however the improvement in CEX and Resources need to be treated with some caution, as they are the smallest directorates.
- 22 Staff Turnover levels are continuing to fall, although all directorates need to ensure that exit interviews are carried out to provide the qualitative information as to why individual employees are leaving. Due to the timescales involved in school resignations, the majority taking place in quarter 2, it is difficult to predict a year-end outturn for 2006/07. However it is unlikely that turnover will not vary much from last year's outturn, and may even be slightly lower. Chief Executive's, Neighbourhood Services, City Strategy and LCCS have all improved since the same period last year, although Resources and particularly HASS look likely to increase slightly on 2005/06.

Directorate	2005/06 Outturn	Turnover levels for (Apr – Sept 2006)
Corporate Figure	13.09%	9.52%
Chief Executive	16.80%	4.63%
Neighbourhood Services	16.85%	7.78%
City Strategy	20.81%	9.95%
Resources	11.98%	7.38%
LCCS	11.21%	7.14%
HASS	13.27%	9.76%

Comprehensive Performance Assessment

- 23 The Audit Commission will publish the 2006 CPA ratings in February 2007. Annex 4 provides an estimate of our likely final 2006 score. This indicates that whilst there will be some changed scores for service blocks, we will maintain a 3 star (good council) rating.
- 24 The Commission would normally publish the 2006 CPA rating in mid December 2006, but have delayed this to include nationally comparable customer satisfaction data from housing, environment, transport, and planning services. This data is not yet available so the likely scores for the 2006 Environment or Housing blocks are still uncertain. We are also still waiting for satisfaction data covering libraries and other cultural services, but this block can be forecast at 2 with more certainty.
- 25 The Use of Resources block score fell from 3 to 2 in 2006. This block is scored by the Audit Commission on the basis of their judgement of how we compare against a set of criteria. These criteria are tightened up each year – and will be tightened up again for 2007. In 2006, 2 of the 5 sub-scores were at 3 (financial management and value for money) but we also had 3 sub-scores of 2 (financial reporting, financial standing and internal control).
- 26 The Environment block will rise in 2006 – either to 3 or 4. This is due to the planning service meeting all its targets for speed of processing planning applications – which lifts the ‘block’ placed on us for being a planning standards authority. Of 31 Environment indicators being measured, 12 are above performance threshold and 12 between upper and lower performance thresholds, with 7 still unknown. This is a strong performance overall across the range of environmental services.
- 27 Looking ahead to 2007, a number of things have happened since monitor 1 which help clarify our position:
- The Audit Commission have finalised our corporate assessment inspection date for 28th January 2008. Therefore we will continue with the strong corporate score of 3 for the December 2007 refresh.
 - Concerns expressed in the monitor 1 report over the Culture block have eased slightly with the recent publication of the Sport England Active People survey. The result for the indicator on volunteering was better than initial information from Sport England suggested. This reduces the likelihood of the Culture block falling to a score of 1 in 2007 – although 7 of the 23 potential indicators remain at risk of being below threshold.

Local Public Service Agreement (LPSA2)

- 28 With over a year to go before the completion of the majority of LPSA2 targets, it is still difficult to assess overall how many of these will meet the stretch performance set, or to what extent reward grant may be achieved. In some areas however, there seems clear evidence that performance will be adequate to secure the reward grant (see annex 6). These include targets associated with recycling, burglaries, vehicle crime and young people not in employment, education or training. In other areas it is apparent that performance will have to improve significantly in order to meet the stretch set, these would include targets related to violent crime and adult participation in sport and exercise.
- 29 It is anticipated that more data will be available for all LPSA2 indicators by monitor 3, when we will be able to show full year results for 2006/7. This includes the outcome of survey data, which are notoriously hard to predict. The performance of LPSA2 indicators owned by the Youth Offending Team will not be known until the completion of the 3-year term and cannot be adequately projected prior to this.

Customer First Statistics

- 30 A good proportion of our customer first results for April to November show fairly high levels of performance across the different standards (see Annex 5). One notable performance improvement is the % of letters replied to within 10 working days. This is currently at 95%, a major increase on 79% in 2004/05. There were however, a couple of exceptions, which are being dealt with by the directorate responsible:
- Phone answering: The overall corporate figure for telephone calls answered within 20 seconds has reduced to 87% (a 6% decline). This is a significant drop on a standard that we have performed at around 93%-96% for a number of years now. The Resources directorate showed the most significant decline (currently 84% against 91% last year). Conversely, Neighbourhood Services improved by 2% (currently 82% against 80% last year).
 - Complaints; The Council currently deals with 80% of the stage 2 complaints it receives within 10 working days. This is a significant improvement on performance 2 years ago, which stood at just 68%. Further improvement is required in City Strategy and HASS if we are to hit the 95% target, although the complaints they receive are often more complex than other directorates, with much more detailed investigation usually required.

Financial Performance - Corporate Overview

- 31 The Accounting Code of Practice that has to be used for accounting periods after 1 April 2006 requires a change in the presentation of some of the data used throughout the year when preparing the Council's overall Statement of Accounts. Although most of these are 'book-keeping' entries that are best done at the year-end, for example including some capital expenditure as revenue and the presentation of the pension payments, there is one change that has been included in the figures in this report, but was not included in the individual EMAP reports. Formerly, an asset rental charge had to be made which comprised both depreciation and notional interest. Under the new rules, depreciation remains, but notional interest is now only used for costing purposes for grant claims, etc., and no longer forms part of the in year monitoring of service expenditure. In order for Members to understand the materiality of these transactions they are separately shown on Table 1.

- 32 The Council's spend has been extremely closely monitored throughout the year and expenditure pressures of up to £3m were identified during the summer. Action was taken by the Council's Management Team (CMT) up to and through the first monitoring report to Members to address many of the problems and this report therefore highlights changes that have occurred since that first monitor report. These changes included the one-off reprioritisation of existing budgets.
- 33 Table 1 is a summary of the information presented to the individual EMAPs, with two exceptions. The exceptions are Neighbourhood Services, whose report did not include the updated budget position, and Adult Social Services whose report also did not include the updated budget position and where there has since been an award of a supplementary estimate amounting to £400k. The Adult Social Services EMAP report was projecting an overspend of £661k as at 31 March, but this has been amended to a break-even position as set out in the note to Table 1 and in paragraph 43. The revised overall position is that there is a projected underspend of £229k (0.23% of the net revenue budget, 0.08% of gross expenditure budget) on the non Dedicated Schools Grant (DSG) functions. This is an improvement from the first monitor report, and is due almost entirely to two variations on the Treasury Management activities, namely the receipt of a dividend payment from the Bank of Credit and Commerce International liquidators and a delay in the need to borrow.
- 34 There is an underspend of £367k on the Dedicated Schools Grant (DSG) functions, however, under the terms and conditions of the DSG, any in-year underspend can only be allocated to schools at the year-end or carried forward and added to the following financial year's DSG. The underspend is not available to be used for other General Fund purposes. It should be noted that if there were an overspend on the DSG functions they would either have to be funded by a contribution from the Council's General Fund or carried forward and funded from the following financial year's DSG.
- 35 The net underspend on general fund services includes four principal elements:
- increased service expenditure pressures (either increased expenditure or reduced income) +£4,878k;
 - reduced service costs (either reduced expenditure or increased income) - £3,859k;
 - variations in central budgets controlled by the Executive -£185k
 - with a further -£1,063k from action proposed by Directors and agreed at the EMAPs.
- 36 Of the reduced service costs and action agreed at the EMAPs a proportion comes from underspendings on budgets where the spend will not occur until 2007/08 (e.g. on the FMS replacement project). Where these have not been clearly identified they have been left in the projections, and a request will be made to carry these budgets forward at the end of the financial year.
- 37 The trading activity of Neighbourhood Services are reporting a small trading loss in its operational activities, but expect to recover this before the year-end. The HRA out-turn working balance is expected to be £4,835k, an improvement of £22k from the first monitoring report.

38 The level of total reserves reported at Annex 13 is currently projected at £5,520k. Any overspend will reduce the overall level of reserves. The minimum level recommended by the CPA is £4,950k.

39 In addition the report also provides:

- An update on the achievements of growth items and efficiency savings incorporated into the 2006/07 budget.
- Requests for virements and supplementary estimates.
- A report on income collection and arrears.

The General Fund

40 The General Fund net expenditure budget for 2006/07 was originally set at £99,058k, (£97,769k after the use of balances and reserves). Members have agreed various changes, utilising reserves, which have increased the net expenditure budget to £100,315k, and the details are shown at Annex 7.

41 A comprehensive breakdown of the projected position on the General Fund is shown in Table 1. Key parts of this are explained in paragraphs 71 to 84 and more detailed information is available in individual EMAP reports. An analysis of the key items which comprise current under and overspends for the Treasury Management activity is shown at Annex 8 and those for central services are in Annex 9.

42 Some of the underspending areas identified in the EMAP reports are delays in projects or deferral of expenditure. It is possible that some of these sums will form the basis of requests to carry resources forward into 2007/08 at the year-end. However the only significant one mentioned in the EMAP reports is on the replacement FMS project, and this has been excluded from the underspending figures included in this report.

43 There are significant developmental issues in the coming months that may have an affect of the provision and cost of adult social services. These were set out in the EMAP report and include:

- Home care services was the most critical area in the first monitor report. Action has been taken in three main ways to address the projected overspend:
 - a A complete restructure of the in-house care services with the focus being on an initial enabling service, a Home Support Service and a range of specialist services.
 - b Tendering of three locality based home care contracts for ongoing support in the community.
 - c Ensuring that care packages are in line with the Council's guaranteed standards.

The new services went live on 4 December, but it will be several weeks before the new arrangements are fully in place. In the meantime there may be a need to incur additional expenditure to ensure that full services are provided. For this reason, although with the budget transfers agreed the likely position on the service would be an underspend of £275k, the overall position is presumed to reach breakeven in this summary report. The EMAP will be kept up-to-date on all progress in this area.

- Initial meetings have been held with the Chief Executive of the Yorkshire and Humber Strategic Health Authority and the Chief Executive and Chair of the North Yorkshire and York Primary Care Trust – as well as with one of the non-executive Board members who lives in York. The senior management team is still being assembled at the PCT and there is not yet clarity about future accountability and partnership arrangements. The financial recovery plan is due to reduce the overall deficit of the PCT to about £24.5m in 2006/7 provided savings of over £42m are delivered. As yet no additional impact has been felt in terms of increased costs to the council but this is being kept under close review.

The EMAP will be kept up-to-date on all these issues.

- 44 Full details of the causes of the service variations were outlined in the individual EMAP reports and the overall financial position is summarised in Table 1.
- 45 As can be seen from Table 1 the increased spending pressures in service areas amount to £4,878k.

Outcome of Action Taken To Date

- 46 Members will recall that a comprehensive exercise was undertaken prior to the first monitoring report to identify both overspending and underspending areas, and action was recommended to address all the issues. The outcome was that assuming all the action was successful there was likely to be an overspend of £179k which the Executive determined should be 'earmarked' as a potential call on the Council's central contingency fund (Executive 10 October 2006).

Table 1 - Summary of Budgets and Variations

Summary of Budgets and Variations

	Currently Approved Budget				Budget Virement Agreed at EMAP £000	Variances					Projected Out-turn £000
	Gross Exp.	Notional Interest	Income	Net Budget		Over- spends Identified £000	Under- spends Identified £000	Action Agreed at EMAP £000	Out-turn to Adjusted Net Budget		
	£000	£000	£000	£000		£000	£000	£000	£000	%	
Service Area											
Children's Services (non DSG)	42,767	4,733	(22,822)	24,678	-	+996	-479	-486	+31	0.1	24,709
Leisure and Culture	12,464	1,716	(4,372)	9,808	-	+164	-50	-101	+13	0.1	9,821
Economic Development ¹	5,617	180	(3,645)	2,152	+119	+122	-3	-119	-	-	2,271
City Strategy ¹	30,283	3,104	(19,912)	13,475	-119	+271	-442	+119	-52	0.4	13,304
Neighbourhood Services ²	18,552	457	(5,164)	13,845	-	+275	-161	-	+114	0.8	13,959
Chief Executive's Department	9,186	-	(3,889)	5,297	-	+135	-147	-	-12	0.2	5,285
Resources	58,022	2,207	(55,244)	4,985	-	+866	-937	-	-71	1.4	4,914
Housing General Fund	12,095	52	(10,936)	1,211	-	+138	-205	-	-67	5.5	1,144
Adult Social Services ³	55,647	645	(23,620)	32,672	-	+1,911	-1,435	-476	-	-	32,672
Total of Service Areas	244,633	13,094	(149,604)	108,123	-	+4,878	-3,859	-1,063	-44	-	108,079
Centrally Held Budgets											
Notional Interest Income	-	(13,094)	-	(13,094)	-	-	-	-	-	-	(13,094)
Contrib from Cap Finance Acct	-	-	(5,668)	(5,668)	-	-	-	-	-	-	(5,668)
Treasury Management	9,821	-	(3,076)	6,745	-	-	-185	-	-185	2.7	6,560
Other Central Budgets	4,176	-	-	4,176	-	-	-	-	-	-	4,176
General Contingency ^{2 & 3}	33	-	-	33	-	-	-	-	-	-	33
Non DSG General Fund Total	258,663	-	(158,348)	100,315	-	+4,878	-4,044	-1,063	-229	0.2	100,086
Children's Services (DSG)	97,385	-	(97,385)	-	-	+241	-608	-	-367	#####	(367)
General Fund Total	356,048	-	(255,733)	100,315	-	+5,119	-4,652	-1,063	-596	0.6	99,719

Note 1 - The City Strategy and Economic Development EMAPs have requested the transfer of £119k between the two service areas.

Note 2 - Neighbourhood Services have requested the release of £55k from the Contingency - see section on Supplementary Requests

Note 3 - The £661k projected overspend reported at the EMAP has been amended to take account of the non-recurring adjustment awarded on 10/10 +£536k, less the recurring supplementary estimate awarded on 5/12 +£400k. This should leave an underspend position of £275k. However, see paragraph 41 for further information.

Progress on Growth Items and Budget/Efficiency Savings

- 47 The 2006/07 budget included £4,363k for expenditure on growth items and £7,144k of budget/efficiency savings and with very few exceptions they are all being achieved. Where problems are being encountered these were highlighted in relevant EMAP reports.
- 48 The variations reported on growth items are set out in Annex 10 and include:
- City Strategy - two of the growth bids are expected to vary from the budget provided: car park income has been buoyant during 2006/07 following the decision to reduce charges at Foss Bank to 70p per hour and also freeze other parking charges. The latest projections are that income will exceed the original budget by £433k although the budget was increased by £350k after the first monitoring report. The monitor two position is therefore reported as a £83k projected surplus. In effect therefore the £300k growth bid has not been required. The £500k planning inquiry budget is likely to be £180k underspent due to lower than expected legal fees. This is a further saving of £80k following the first monitor.
 - Neighbourhood Services - there is an underspend of £45k on landfill tax due to a decrease in tonnage deposited which has been offset by an increase in cost in other areas of waste operations.
 - Resources - there is slippage on the FMS replacement project. However, the funding will need to be carried forward.
 - Adult Social Services - the growth schemes all are on schedule except for Windsor House where there will be a slippage of £49k due to delays in re-providing Windsor House as an EMI complex.
- 49 The variations reported on budget/efficiency savings items are set out in Annex 11 and include:
- Children's Services - additional income of £10k from a new ground maintenance monitoring service for schools will not be achieved as it has not been implemented.
 - Leisure and Culture - additional income generation of £10k at the library service is unlikely to be achieved.
 - City Strategy - three of the savings proposals are not producing the reduction anticipated: the change in bus information service has cost more than £12k for 2006/07 only; the saving of £83k on consumption on street lighting energy has been more than offset by subsequent price rises, although a one-off saving has been made in 2006/07 due to a previous year's rebate; and £35k in the City Development section has left the team under-resourced to deal with planning advice at Terry's and British Sugar as well as progress at Hungate, and so temporary staff have been recruited to help.
 - Neighbourhood Services - increased income from crematorium fees of £39k is not being achieved due to a decrease in the death rate, but a supplementary estimate is being requested. All other General Fund savings are on target. In the Trading Activities savings of £12k in Waste Services and £7k in cleaning are not fully achieved because the planned service restructure occurred part way through the year. These have been offset by other operational savings.

- Chief Executive - due to difficulties ensuring delivery arrangements, the changes to the recruitment advertising arrangements have been delayed. A growth bid has been put forward to remove the saving in 2007/08. The overspend has been funded from savings identified elsewhere in the directorate.
- Resources - there are three savings that are unlikely to be achieved; the additional income at the registry office income as although the prices were increased there has been a reduction in wedding numbers; the proactive benefit fraud work and target current benefit overpayments for unidentified fraud as there has been a change in the way the subsidy is calculated for CYC and no further grant is available for rewarding fraud work; and the saving from building lease costs will not be delivered as no administrative accommodation has yet been released.
- Adult Social Services - the saving of £65k from re-tendering community support has slipped, the remaining savings are on target.
- Corporate Services - the saving on the cost of staff park and ride passes is not expected to be fully achieved this year, and the Management Challenge is also unlikely to be achieved. Human Resources have been involved in the development and consideration of alternative staff park and ride schemes and supports the proposed replacement scheme (which will provided funding up to half the cost of the pass) as the most practical and fair alternative available. The proposed new scheme has been developed in consultation with UNISON who recognise the need to achieve the saving in this budget and the proposal will be subject to wider staff consultation in due course. Any significant changes proposed as a result of this consultation will be reported back. Both of these shortfalls have been funded from savings identified at the first monitoring report.
- Housing Revenue Account - all savings are on target except for two: the £10k saving in the communal electricity budget will not be achieved due to previous year billing issues that have resulted in outstanding bills being paid in 2006/07; and the £20k saving expected from the partnering agreement where the progress is being closely monitored to ensure that the savings can be delivered by the end of the year.

Centrally Held Budgets

- 50 These are budgets where the reporting responsibility has been reserved to the full Executive, and so any movement on them must be considered as part of this report.

Notional Interest Income

- 51 This budget is created by separating the income from the former asset rental charges into the two elements, depreciation and notional interest, and treating them differently in the Council's accounts. It matches the interest charged to the service revenue accounts. The notional interest charge must be excluded from the service expenditure when presenting the overall Council's Statement of Accounts. In order to show Members the effect of this the two sides of the notional interest are shown in Table 1.

Contribution from Capital Finance Account

- 52 This budget represents the use of money held in the Capital Financing Account to match the depreciation charged to the service accounts. This is in accordance with the Accounting Code of Practice, and is only a change from previous practice in that it is now shown as a separate transaction rather than being incorporated in the former Asset Management Revenue Account (AMRA) entry, which no longer exists.

Treasury Management

- 53 The Head of Finance is currently predicting that treasury management function will produce a surplus (underspend) of £185k compared to the position in the first monitor report. There are two principal reasons for this improvement, the first being the effect of delaying the decision to borrow and borrowing at a lower than expected rate. Secondly, the Council has received a fifth dividend from the Bank of Credit and Commerce International (BCCI) liquidators. Such income cannot be predicted and so is never included in the Council's budgets. Annex 8 shows the key variances that contribute to this surplus.
- 54 The projections are based on the best advice, but money markets are volatile and cash balances change rapidly so these predictions should be treated with caution. Each 0.25% change in interest rates will mean a change in the return on investments of approximately £50k per annum.

Other Central Budgets

- 55 These budgets cover a variety of funding held centrally and details are shown at Annex 8. The majority of the budgets are for contractual purposes and will be fully required. However, it is unlikely that the full amount set aside for running costs of capital schemes will be required before the end of the year, and as the reduction will be a one-off saving this is being offered up to match the one-off overspend on redundancies and pensions in the following paragraph.
- 56 The projection on redundancies and pensions currently shows an overspend of £253k, this is after taking into account the supplementary estimate of £100k granted by the Executive on 10 October 2006. The main reason for the overspend is the level of one-off payments being made in the year, and it is proposed to use the one-off savings set out in paragraph 55 to fund this. The projection has been prepared using information on all known redundancy situations for the remainder of the year, including the effect of 2006/07 budget savings and changing rolls within schools. However, since the first monitor report the costs of the redundancies arising from the restructure of the Chief Executive's department have also been costed and are now incorporated in the year-end projections. Table 3 on the next page gives the breakdown of the projection.

Table 3 - Details of Redundancies and Early Retirement Costs

	£(000)	£(000)
Annual charges for prior year retirements		632
Local Government Pension Scheme		
Redundancy payments	186	
Redundancy retirements	213	
"85-year rule" retirements	141	540
Teachers' Pension Scheme		
Redundancy payments	287	
Redundancy retirements	54	
"85-year rule" retirements	21	363
Administration charge		29
TOTAL		1,580

57 Members were promised an update in all monitoring reports of the value of NNDR rate refunds following successful appeals. The refunds received to date, after deducting all fees due to the Council's agents and the fee expected to be paid to property services, is £500k. No further receipts have been assumed in the year.

General Contingency and Supplementary Estimate Requests

58 Contingency funding amounting to £800k was set aside in the budget process. As detailed in Annex 12 supplementary estimates totalling £587.5k have been approved to date, with a further £179k earmarked for potential use to keep the total council net spend within budget. Although it is likely that there will not be a need to fully utilise the earmarked element, the position on Adult Social Services remains volatile and the position may not be clear until late January/early February, so it is intended to keep this element earmarked until a clearer picture emerges.

59 The Neighbourhood Services EMAP have requested the release of £55k to reflect the shortfall in crematorium fees compared to the budget. In considering this request due regard needs to be given to other potential areas of pressure, which were identified during the budget process as potentially needing funding from the contingency. CMT have reconsidered all these areas and Annex 12 shows the items and the likely future requirements for additional funding. The annex shows that the amount now projected to be called down from the contingency fund will total £821.5k, including the earmarked element, which will lead to an overspend of £21.5k, although due to the volatility of the position on emergency out of authority placements, and the position on Adult Social Services this may change later in the financial year.

60 In addition to the above items there are potential cost implications of the latest fuel price increase, both for heating and for vehicles. It is not yet known what the impact of this is likely to be, but it is hoped that any cost pressures can be contained within existing resources and there will not be a call on the contingency.

Virements Requested

- 61 The Council's financial regulations require that any virements between service plan heads of more than £250k are agreed by the Executive as part of the budget monitoring report. There are no requests from individual EMAPs. However, a transfer needs to be authorised between the general fund and the trading arm of Neighbourhood Services in relation to savings that are being made through the action of the Procurement Team. Savings made from procurement action in negotiating better contracts are shared between the departments and the procurement team. However, the only way to effect this with the trading services is to amend the profit target set. The effect of the transfer is that the profit contribution from traded activities will increase by £17,090.
- 62 The Council has set aside £1,661k in one off Resources during 2005/06 and 2006/07 to meet the costs of Job Evaluation and Equal Pay, of which Members approved expenditure of £120k on project costs in 2005/06 with a further £350k in 2006/07. This leaves a one-off budget of £1,191k. This is in addition to the specific provisions for Equal Pay of £1,500k from the General Fund (which was set aside from earlier underspends) and £90k from Children's Services and a reserve of £382k for Job Evaluation which was also set aside from earlier underspends in the General Fund. The total cost of settling the Equal Pay issues is now estimated at £2,300k. So far 83% of staff affected have signed agreements and accepted payments from the Council and almost £2m has been paid out. It is estimated that just over a further £0.3m will need to be offered in order to try to settle the remaining cases (this figure does not allow for the costs of any legal actions or resulting compensation that may be awarded). The reasons for the overall increase in estimated costs of reaching a settlement are mainly due to:
- a) a change in the law during the process that has allowed staff to claim comparability with staff on different grades. This has added an estimated £0.25m - £0.3m to the projected costs.
 - b) some staff having contracts of employment different to those recorded on the Council's systems. This has added about £0.22m to the projected cost.
 - c) some staff who have retired or left the Council's service making valid claims. This is estimated to add about £0.16m to projected costs.
- 63 It is proposed to fund the estimated £2,300k cost of Equal Pay by utilizing the £1,500k provision set aside for Equal Pay, the £90k from Children's Services Education and by viring £710k from the remaining £1,191k in paragraph 62 into the Equal Pay budget.. Officers will report back on the final projected costs after the next set of attempts to reach agreement with the remaining 230 staff. These will take place in late March. More positively both the Unions and ACAS (who independently advise non union staff) have praised the Council for running the best Equal Pay process that they have come across and despite the growing difficulties and complexities of the Equal Pay issue the Council has already achieved a staff sign up rate considerably above most other Councils.
- 64 The action in paragraph 63 will leave £481k of one-off resources available for Job Evaluation together with the existing reserve of £382k and £2.6m of ongoing budgets part of which the Council has already agreed to set aside already, and part of which is being proposed in the 2007/08 budget elsewhere on this agenda.

65 Members have already approved £470k for the costs of the project up to March 2007. It is now clear that the project cannot finish until October 2007 at the earliest and there will be ongoing appeals and residual issues to manage after that. In addition the project is operating in an ever changing/evolving legal environment resulting in increased administrative processes. For example it was never envisaged when the budget was set that numerous roadshows would need to be held together with supporting helplines, temporary staff, etc. It is now estimated that a minimum of a further £330k will be necessary to progress the project and Members are asked to approve this as further project costs funded from within the £481k referred to in paragraph 64. Members are also asked to approve that any balance remaining at 31 March will be transferred to the Reserve as part of year-end processes.

Reserves and Balances

66 Annex 13 shows the position on the General Fund reserve which, it is anticipated, will fall from £5,347k at the start of the financial year to £3,569k by the end of the current financial year. This has increased by £300k from the first monitor, entirely due to the increase in the contribution through NNDR refunds.

67 In order to compare the level of the Council's reserves to the prudent sum to be held other reserves can be included. These are also shown in Annex 13. Once these are included the projected level of reserves at 31 March 2007 is £5,520k. However, it should be noted that while this is above expected CPA target of £4,950k there is very little spare capacity, and resources will be needed to help balance the budget for 2007/08.

68 Members are reminded that balances are not normally used to fund recurring expenditure and any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund current year overspends or new investment in future years. Using balances to fund recurring expenditure creates funding problems in future years, as the resources will no longer exist, but the expenditure will.

Monitoring Level of Debts

69 There are three main areas of income to the Council where it is important that Members are kept informed of the level of the debt, the movement from the beginning of the year, and the likely position at the end of the year. In all cases the Council makes provision for non-collection of the debt, and the level of this is also monitored. The three areas are housing rents, collection fund (both council tax and business rates) and sundry debts.

70 Table 4 sets out a summary of the information on these sources of income, with some further explanatory notes below.

Table 4 - Information on the Main Income Sources to the Council

	Housing Rents	Council Tax	NNDR	Sundry Debts
Arrears at 31 March 2006		£5,910k	£4,290k	£3,637k
current tenants	£791k			
previous tenants	£786k			
Provision for bad/doubtful debts at 31 March 2006	£1,245k	£2,957k	£1,440k	£448k
Value of debts written off so far in 2006/07	£123k	£159k	£85k	£101k
Current value of prior year arrears	See section below	£3,910k	£3,600k	£2,648k
Estimated accounts to be raised in 2006/07	£22,747k	£69,269k	£82,319k	£68,921k
Accounts raised to end of October 2006				£47,425k
% collected to end of October	See section below	65.8%	66.8%	96%
Target % to be collected in year	98.64%	97.1%	98.4%	95%
Arrears of in-year debt at end of October	See section below	£23,690k	£27,330k	£922k

Housing Rents

- As rents are a weekly charge, arrears are not separately identified into account years. It is therefore not possible to show the current position on collecting prior year arrears.
- Percentage of rent collected - the data is calculated annually at the year-end. In 2005/06 97.19% was collected; the target for 2006/07 is 98.64%
- Rent arrears as a proportion of the rent roll - year to date 3.86% (2.81% was the 2005/06 out-turn and the target for 2006/07 is 3.6%). These figures include the arrears figures for former tenants.
- Rent income lost through voids - year to date 0.47% (1.08% was the 2005/06 out-turn and the target for 2006/07 is 1.0%).
- The rent arrears at 31 March 2006 were £353k less than at 31 March 2005.

Collection Fund (Council Tax and NNDR)

- The collection of In-year Council Tax accounts at the end of October is 1% ahead of the same position in 2005/06. An internal target has been set to reduce prior year debt by 50%, and would expect that the level of prior year arrears would be around £4.15m. The current position of £3.91m is a slight improvement on this. Between April 1996 and March 2006 the total value of Council Tax bills raised was £481.118m, against which write-offs so far total

£1.515m. With current arrears at £3.910m this gives an overall collection rate to date of 98.87%.

- The Council raises accounts for and collects the income due on NNDR on behalf of the government. The collection of in-year NNDR accounts at the end of October is slightly behind target, but this is primarily due to the late settlement of the Council's own bills following the restructuring that took place earlier in the year. The total of the Council's bills is 3.6% of the collectable sum, and the bills have now all been paid. The position on both current accounts and prior years are prone to fluctuation due to the likelihood of large, and often retrospective, rateable value adjustments issued by the District Valuer. Between April 1996 and March 2006 the total value of NNDR accounts raised was £549.832m, against which write-offs so far total £1.558m. With current arrears at £3.600m this gives an overall collection rate to date of 99.06%.
- Recovery action has taken place for both types of income each month and the cases where we offer extended payment arrangement at pre-summons stage have been restricted.

Sundry Debts

- This section includes the miscellaneous debt raised and collected by the Council. It includes such varied income sources as commercial property rental, housing repairs, commercial waste collection, pest control and other fees and charges.
- Unlike the other income the total to be raised will vary from year to year, and is not dependant on annual sums due in the same way that housing rents, council tax and NNDR are.
- A debt recovery officer has been appointed to ensure that debt is recovered as expediently as possible. During the last six months arrangements have been set up to recover over £135k of debt, including housing benefits overpayments and council tax as well as sundry debts. At the same time the officer has identified £535k of new liabilities for NNDR, which initially benefits the Council in terms of cash-flow, but long-term will be paid to the government.

Cost to the Council of the Level of Arrears

It is difficult to put a precise figure on the cost of arrears as at any time there are both arrears and prepayments, or refunds due, on all types of income. Also, with annual billing for council tax and NNDR for example, the level of debt recorded is not necessarily due for immediate payment. However, simply using the expected recoverable level of arrears at 31 March 2006 and a notional cost of borrowing would give an annual cost of £434k.

Key Performance Issues from Directorates

71 All directorates produced a balanced scorecard for the monitor session, showing headlines from three areas of their service performance:

- progress on delivering the key actions for the 13 priorities set out in the 2006-09 corporate strategy.
- headlines on key performance indicators that are of corporate significance (e.g. they support improvement for corporate priorities, LPSA2, CPA, etc).

- headlines on resources management (i.e. budget and staff management)

72 The full scorecards can be found on the intranet, but here are the key points from each.

Learning Culture & Children's

73 Service improvement and key actions:

- Educational attainment for Key Stage 2 continues to show improvement - some significant. The % of pupils achieving Level 5 in English has risen to 37%, a 9% increase on the 28% achieved in 2005/06. Another curriculum area that has achieved notable success is the % of pupils achieving level 5 in Key Stage 3 Science. This has risen by 2% (now 78% compared to 76% in 2005/06). This result in particular should be celebrated as York is already a high top quartile performer and any incremental improvement over the existing performance levels represents a significant achievement.
- The number of complaints received in relation to special school education is increasing with 4 in the first 7 months of this year, compared to 1 for the whole of 2005/06). However, these numbers are still extremely low in comparison to other unitary authorities.
- The number of Community Arts initiatives supported by Arts & Culture Service has increased significantly, with 199 in the first 7 months of this year compared to 212 for the whole of 2005/06.
- Last monitor we reported that there was a small possibility that the Culture block score of CPA might fall from 2 to 1. The position now appears slightly healthier as the recent Sport England survey results are better than expected. However, it should be noted that 7 out of 23 CPA indicators are still at risk of being below threshold in 2007 (see para 23 for more details)
- The number of library users reporting 'success in obtaining a specific book to borrow', or 'in gaining information as a result of a search or enquiry,' has risen to 86% compared to the last formal outturn of 67% in 2003/04.
- The number visits to museums and galleries has increased markedly (currently 3047 per 1000 population for first 7 months of this year compared to 4028 per 1000 population for the whole of 2005/06).

74 Resource management:

- Staff sickness absence levels in LCCS are currently at 3.98 days per FTE for the period April to September. This is actually quite a significant improvement on last years sickness levels as, although current levels are similar to the same period last year, the figure now include Children's Services.

General Fund Services

- For Children's Services the individual service plan financial monitoring sheets presented to the EMAP showed that a number of services are projecting further variances for the year, resulting in a projected overspend of £517k. To offset this mitigating actions are being taken to hold back expenditure or redirect resources totalling £486k. This leaves a projected overspend of £31k. The major changes from the first monitor report are: a net increase in Home to School Transport costs of £143k within the Special Education Needs (SEN) and

discretionary elements of the budget; a projected £30k underspend on SEN management staffing following the retirement of the Head of SEN and a review of senior roles within the service; a net projected underspend of £48k within the Youth Service, mainly due to staff vacancies but offset by unbudgeted premises costs at Sanderson House; and an improvement of the position within Children and Families of £31k due to concerted effort by Managers to control expenditure. Officers will continue to work to identify further savings to bridge the remaining budget gap before the end of the financial year.

- For Leisure and Culture the individual service plan financial monitoring sheets presented to the EMAP showed that a number of services are projecting further variances for the year. The major changes are: unexpected expenditure of £16k at the Archives for the removal of a derelict shed; a £15k increase in the one-off costs incurred because of the installation of the temporary fitness gym at Edmund Wilson Pool; and a net underspend of £12k at Oaklands Sports Centre. Officers will continue to work to identify further savings to bridge the remaining budget gap before the end of the financial year.

Dedicated Schools Grant (DSG)

- The net projected underspend has reduced from £486k at monitor one, a reduction of £119k. The full details of the changes were presented to the EMAP. The major changes are: a £106k reduction in income being generated at the Pupil Referral Units; a projected underspend on Out-of-City Placements of £60k; a reduction of £63k in the projected underspend on support required for statemented children from School Based Additional Tutors and Learning Support Assistants; and a reduction in the projected surplus on the Inter-Authority Recoupment budget of £43k.

Housing and Adult Social Services

75 Service improvement and key actions:

- Relet times: the average time taken to re-let council houses has improved significantly in the first 7 months of 2006/07 (current performance is 24.7 days compared to the 32.27 days for 2005/06). This is now top quartile performance and will make a positive contribution to our CPA.
- Hosing repairs: urgent housing repairs completed within the government's timescales have improved significantly since monitor 1 (currently 83.46%, up nearly 12% from last year's outturn of 72%). Performance is now just 6% short of the very challenging target of 90% set for 2006/07. Similarly, the average time taken to complete non-urgent repairs has also show a marked improvement on last year's figure (currently 8.37 days compared to 13.9 days in 2005/06).
- Care reviews: the % of clients aged 18-64 receiving a care review is currently 18%, well down on last years performance of 69% and well short of the 82% target set for 2006/07. This is due to a large cohort of over 250 additional customers who needed assessments and reviews. An action plan has now been put in place to address the problem and performance however, is expected to improve before the end of the financial year.
- Care assessments: the average waiting times for care assessments is currently at performing within the government 'threshold' at 74.65% (a 1.15% increase on last year's performance). Although this might seem a fairly small improvement, it

has been achieved despite recent cuts to address a potentially large overspend in Adult Services.

- Independent living: the number of older people helped to live at home is currently in decline (84.5 per 1,000 population aged 65 or more, compared to 91.4 last year). This falls well short of the 95% target and places the authority in a lower band of performance (band 3), due to a reduction in the customer base following the tightening of eligibility criteria against the minimum guaranteed standards.
- Recruitment problems have been encountered with the re-commissioning of homecare services. Interim contingency measures have been put in place to address the issue, but there may be some short-term financial implications in relation to targeted savings in this area.

76 Resource management:

- Staff sickness absence in HASS is currently running at 9.66 days per FTE for the period April - September, a very small decrease on the levels for the same time last year. These sickness levels are still far too high and nearly 3-4 times that of some other directorates. The costs of backfilling the absent staff is partly contributing towards the current Social Services overspend. Last year, long-term sickness was identified as a priority area that needed to be addressed. However, this is currently running at similar levels, although short-term sickness has declined slightly. Encouragingly, stress related illness has reduced significantly (currently 1.73 days per FTE compared to 3.42 days for the same period last year).

General Fund Services

- Within the Social Services area the EMAP report received information about the service and cost pressures facing the service. While it received full information on all the variances the main area where there is still concern is on the home care service. The Department is in the process in reconfiguring its Home Care Service. The new service is budgeted to break even over a full financial year and the overspend attributable to the Home Care Service should drop from £1,338k reported at monitor one to £625k by the year end. This projection has reduced significantly partly due to the targets set within the internal home care team. Savings should also be generated from the newly tendered external contracts partly due to the new arrangements whereby the independent sector providers will bill for actual contact time only. Previous arrangements with some providers allowed them to bill to the nearest fifteen minutes, irrespective of the time spent with the customer. It should be noted that if the efficiencies are not achieved within the in house team, if the contracted hours are not adhered to and if home care activity rises beyond the budgeted level, the overspend could once again rise towards the first quarter figure of £1,338k. Further efforts continue to be made within the Department to reduce the overall overspend. Several posts are still being held vacant with only essential posts being released after authorisation by the Departmental Management Team.
- This monitor shows that the Social Services department will have to continue to work hard to contain expenditure within the approved budget. This, together with the deficit within the Selby and York PCT has led to an urgent financial recovery plan being put into place. Given that the funding CYC has to spend on adult

social services is the third lowest amongst unitary authorities this presents real problems in terms of the development of local services to meet new demands.

- For Housing General Fund services the EMAP received a report identifying several small items of variations which totalled an overall saving of £67k. The major change from the first monitor report was identified savings at Howe Hill Hostel.

Housing Revenue Account (HRA)

- The current forecasted position on the HRA is a projection for the working balance to be £4,835k at 31 March 2007. This is a small improvement of £22k from the first monitoring report.
- The major underspends (or additional income) from those reported in the first monitor to the EMAP include reduced anticipated overspend on repairs and maintenance (-£45k), increased underspend on general management (-£30k) and the impact on changes in the formula rent in the rent rebate subsidy limitation on the contribution to the general fund (-£66k). Offsetting these there are also changes to projected overspend (or reduced income), of which the main ones are increased energy costs from billing problems (+£46k) and increased reduction in rental income from using general stock as temporary accommodation (+£63k).
- Members are reminded that it is illegal to budget for a deficit on the HRA and that the HRA is 'ring-fenced' so that any deficit cannot be made up by contributions from the general fund, nor can any surpluses be used to aid general fund services. Further, the District Auditor has highlighted that the HRA is vulnerable to changes in income and expenditure and without a surplus it is less able to meet unforeseen contingencies. He has recommended that the HRA be kept under review and that adequate cover against unforeseen contingencies is maintained.

City Strategy

77 Service improvement and key actions:

- New homes: The % of new homes built on previously developed land is running at 94%, exceeding the 65% target set for this year. This is now just below the audit Commission's top quartile threshold of 95%.
- Planning applications: the speed of determining planning applications continues to improve and with the number of major planning applications determined within 13 weeks currently running at 88.5%. This is now well in excess of government standards targets and puts us in the top quartile. Planning Services have predicted an 80% outturn by the end of the year, exceeding the 60% target set for 2006/07. In addition, property searches carried out within 10 working days continues to perform at 100%.
- Streetlight: the % of streetlights not working as planned (including vandalism) continues to increase, with 0.97% reported as at the end of September. It should be noted however, that this equates to just 165 lights out of 17,000. Performance for this indicator has gradually worsened since 2002/03 when it stood at 0.57%. Improvement is expected once a contract and system is introduced in 2007. Conversely, the average time taken to repair faulty

streetlights is performing well under the 2-day standard target (running at 0.89 days for the first 6 months of this year).

- Roads & pavement: the % of people satisfied with the condition of roads and pavements in York has increased to 51%. This is very encouraging when compared to the 43% achieved in 2002/03.

78 Resource management:

- A recent tightening of absence reporting and management arrangements in City Strategy has led to a slight increase sickness levels compared to the same period last year (5 days per FTE compared to 4.8 days in the same period last year).
- The average days lost to stress related illness has increased sharply on the same period last year (currently 1.43 days per FTE compared to 0.88 days in 2005/06).
- The provisional outturn position for the portfolio shows a net underspend of £52k for the financial year. This is after a virement of £119k was approved from the City Strategy portfolio to the Economic Development portfolio.
- The primary reason for the projected overspend in the Economic Development area is that following the retirement of the Assistant Director for Economic Development it has been necessary to make temporary cover arrangements prior to the recruitment of the replacement Assistant Director. The work programme over the period of this review has required a significant input at Director and Assistant Director level which would not have been possible without interim cover for this post. This has included the job losses announced at British Sugar, GNER, Nestle and Norwich Union; the response to them; the setting up of and support for the Future York Strategic Economic Review; and the management changes at Science City York. Whilst the cost of employing suitable temporary staff has been significant, it has been important to employ a suitably experienced individual to support the Director of City Strategy over these months. The costs of temporary management support and recruitment total £100k. In addition there is a continuing downturn in letting stalls at Newgate market, partially offset by additional income from specialist markets where demand is buoyant.
- On City Strategy services the net position before the virement was a net saving of £171k. All the reasons for the variations were presented to the EMAP, but the major ones were: an underspend within the City Development and Transport Service Plan of £172k on staffing vacancies offset by an overspend in Highway Infrastructure; reduced Capital programme fees due to reduced employee levels; income from S38 Developer fees and additional expenditure on Highway maintenance.
- There are two main variations anticipated with the Highway Maintenance budget: street lighting and general maintenance overspend. Officers met with npower and have successfully negotiated a fixed unit price until October 2008. In addition, the inventory has been audited and has been backdated to 1 September 2005. The inventory contains more accurate information on numbers of columns and on the types of lamps used (which are now more energy efficient than in the past) and as a result energy consumption has reduced by 15%. However, latest figures for numbers of faults during the first 8 months of the year

have increased by 11% for street-lights and 20% for illuminated bollards, increasing overall maintenance costs. These faults are putting significant pressure on the budgets and the overall service has only been able to come in approximately on budget due to a one-off saving from lighting energy due to a rebate on 2005/06 energy costs. There remains a significant pressure on this budget given the demand for the service. Officers are carefully monitoring the situation as the year progresses.

- Current projections are that there will be an underspend within the Planning and Sustainable Development service plan area of £130k. The key reasons for the underspend are: additional planning income due to receiving a number of large fees since the last monitoring report; additional bar walls income, following a number of rent reviews; and an underspend in planning inquiry costs.
- Members allocated a total budget of £500k for the housing and university expansion planning inquiries. The housing inquiry has already been completed and an announcement is expected in April 2007. The university inquiry was completed on 1 December, 4 days earlier than expected. A full report will be brought to members in 2007. The latest forecast suggests that there will be an overall cost of £320k, a further saving of £80k in addition to the £100k reported to the September meeting. The saving has mainly arisen from the lower than expected legal costs and from the inquiries finishing on time.
- As part of the 2006/07 budget a contingency of £50k was set aside for the anticipated shortfall in income from Land Charges. The introduction of Home Information Packs is now set for June 2007 but is still uncertain. It is unlikely that there will be any affect from their introduction in this financial year.
- The budget for the Yorwaste dividend has been included within the City Strategy portfolio due to the Director of City Strategy being the shareholder representative for City of York council. The budget for the dividend totals £340k. Due to a review of Yorwaste's cash balances it is anticipated that the dividend receivable to the council will be £820k. This is £480k above the budget. This sum was not included in the year-end projections for the service and it is proposed that when the additional income is received it is incorporated into council reserves.

Neighbourhood Services

79 Service improvement and key actions:

- Recycling: waste recycling levels have continued to increase significantly in the first half of the year, with an extra 1,300 household receiving kerbside collections. The % of household waste recycled currently stands at just over 23% - a substantial increase on the 16.5% achieved in 2005/06. This represents a large increase in the tonnage of waste recycled with nearly 24,000 tonnes predicted to be recycled by the end of the year compared to 16,000 tonnes the year before.
- Landfill: as a result, the amount of waste landfilled is expected decrease even further with around 62,000 tonnes predicted for 2006/07, compared to the 74,000 which was landfilled last year. These improvements are being achieved despite continuing increases in the amount of household waste that is collected in York
- Bin collection: the number of missed bin collections per 100,000 population has dropped to 79 for the period April to Sept. An outturn of 70 is predicted for

2006/07, a major improvement on the 97.5 achieved in 2005/06. Unfortunately, we expect to miss this year's target of '66'.

- Trading standards: the % of local businesses who are compliant with trading standards legislation is expected to hit 91% by the end of the year – an increase of nearly 6% on 2005/06 performance.
- Headline performance for York Pride and Safer City indicators are covered elsewhere in the report (see paras 4 - 18 and annexes 1 & 2).

80 Resource management:

- Staff sickness absence has reduced slightly for the first 6 months of 2006/07 (5.65 days per FTE compared to 9.45 days for the same period last year). Long-term sickness in particular has also fallen (4.25 days per FTE compared to 5.86 days for the same time last year). Members however, should note that the most up-to-date sickness data excludes staff sickness under the Assistant Director for Environment & Neighbourhoods.

General Fund Services

- Overall there is a projected overspend of £114k from the adjusted budget. Of this the EMAP have requested the release of £55k from the general contingency for the shortfall in crematorium fees. Of the remaining projected overspend the largest single area is on the toilet cleaning service. Changes to the service to address the additional costs are being put in place.

Trading Activity

- The majority of the surplus achieved on the trading accounts is as a result of increased business performance in our external trading activities. The level of activity for the first seven months on external trading business for drainage, i.e. private blocked drains, is 50% ahead of target. Commercial waste and the University Waste Management Contract are both performing well, and are contributing to the surplus.
- There are currently expenditure pressures as a result of the high fuel prices. Over the last two years fuel prices have risen by 28% adding over £100k costs to the waste collection service.
- The prime business of the Building Cleaning service is school cleaning, council office cleaning and empty property (void) cleaning for housing. Work is on-going with schools to establish individual service level agreements to ensure the service matches the resources available. This work should be completed this year and bring the school cleaning section into a break-even position. Void cleaning is performing well and there are no financial pressures in the section. The office cleaning section is facing financial pressure, and work with client officers will start shortly.

Resources directorate

81 Service improvement and key actions:

- CT&HB claims: the speed of processing housing and Council Tax benefit claims continues to improve since monitor 1. The average is currently running at 35 days compared to last year's outturn of 40 days, a significant shift from the 2003/04 outturn of nearly 86 days. This is a CPA indicator and this improved

performance will move us up to second quartile if the predicted outturn of 34 days is achieved. However, the speed of processing change in circumstances for benefit claimants has shown the biggest improvement. Current performance stands at 14 days – a major improvement on the 28 days achieved in 2005/06 and well in excess of the 2006/07 target of 19 days.

- CPA: latest projection for our CPA 'Use of Resources' score indicates that we have dropped from 3 to 2. The reason for the change is due to changes in the way the Audit Commission calculate this area of CPA, not a shift in actual performance or compliance. As things stand, this will not affect the overall CPA score for the Council.
- Info technology: the Council's major IT systems and infrastructure has become much more reliable with 'availability time' currently running at 99.9%, up 2.5% since 2002/03. Although this rise may seem small, it has a positive efficiency and continuity impact on the whole organisation.
- Easy@york: the relocation of the York Pride Action Line and switchboard to a single central unit has encountered problems, mainly down to complex premises and organisational issues. The York Customer Centre will now go live in January after an initial pilot stage has been completed.
- Council Tax: the % of current year Council Tax collected during the period April to October is 65.8%. This is higher than usual for this stage in the year and we expect to improve by nearly 1% on last year's figure of 96.1%. Not only is this a significant improvement for this indicator, but it also brings in much needed financial resource for the current year budget. Similarly, the % of current year NNDR collected is also forecast to improve by over 1%. In addition for both of these there is also an improvement on the recovery of prior year arrears.
- HB recovery: performance for the % of housing benefits recovered as a % of the amount outstanding is expected increased markedly from 36% in 2005/06 to nearly 67% for this year.
- Building access: the number of council buildings open to the public with access for disabled people is expected to rise to 84% by the end of the year (compared to 72% in 2005/06). This is an excellent achievement given the difficulty of adapting most of York's council buildings.

82 Resource management:

- As with last year, both short and long-term sickness absence levels continue decline across the directorate. Long-term and stress related illness has also much lower than the same period last year.
- Whilst the headline underspend figure reported to the EMAP of £178k (-0.3%) looks satisfactory, they were also advised that included within this figure is a sum of £107k from the FMS (Financial Management System) project that will need to be carried forward to 2007/08. This means that there is an underlying underspend within the Directorate of £71k.
- An overspend of £146k is currently anticipated within Public Services. This is partly due to the change in regulations for the Housing Subsidy Admin Grant where it the grant payment is no longer split between the administration of the service and benefit investigation. The shortfall for the directorate is anticipated to be £49k and this has been shown within the public services service plan.

There has also been a projected downturn in the performance on Local Authority errors which may result in a reduction to the final Housing Benefit Subsidy grant.

- Property Services is anticipating a net overspend of £87k. There are several pressures on Property services' budgets. These comprise of overspends on rents and a shortfall in rent income in the Admin Accommodation, overspends on repair and maintenance in the Commercial portfolio and costs not recoverable through the capital receipts protocol. One of the overspends reported is due to the use of additional external consultants working as part of the framework agreement within Strategic Business and Design. The additional cost of £171k is funded from additional income and EMAP approved a virement between expenditure and income of £171k to realign the budgets.
- IT&T are anticipating a net underspend of £431k following a review of all IT development plan projects. The main reason is project slippage of £232k on the FMS project.
- Audit & Risk Management is anticipating a net overspend of £99k. The out-turn forecast for Procurement savings is subject to further work being undertaken by officers to achieve additional in year savings which could result in a further £80k being taken by the year end. There is also an option to draw down £50k from the Venture fund. This decision will be taken by management at out-turn dependant on underspends being available elsewhere.
- Financial Services is anticipating a net underspend of £157k. This arises largely as a result of the delay in incurring expenditure on replacement Financial Management System.
- Not included in the departmental totals is any variation on the easy@york programme. Detailed contract discussions are ongoing with the main supplier in relation to this project. The outcome of these discussions could result in significant amendments to the forecast out-turn for the current financial year, however, if there is any slippage it will be needed for future years.

Chief Executive's

83 Service improvement and key actions:

- Equalities: the % of Local Authority employees from ethnic minority communities has nearly doubled since 2005/06 (currently 2.5% compared to 1.38% last year). This exceeds our target of 1.5%. Although York is now has the third fastest growing ethnic minority population in the country, as yet it is still unclear whether the improvement is due to the population increase or changes in the council's recruitment policy.
- LAA: the first draft of the Local Area Agreement has now been approved by the Executive Delivery Board and submitted to the Government Office for Yorkshire & Humberside. The LAA will go live on the 1st of April and will be catalyst to help us improve and integrate planning and performance management with our partners.
- OEP: The directorate is playing a key role in driving forward the organisational Effectiveness Programme, which underpins improvement to the council's organisational effectiveness and culture. The successful delivery of the OEP is crucial to help deliver the required changes needed to achieve a good corporate assessment score under CPA.

84 Resource management:

- Staff turnover in the Chief Executive's department has dropped fairly sharply, at only 4.63% for the first 6 months of 2006/07. It is expected that we will come in well under the 12% target and significantly improve on the 16.8% turnover recorded in 2005/06.
- Sickness absence levels are now the lowest across the council, with just 1.87 days per FTE for April – September. The final outturn for the year is expected to be well below the 9 days per FTE, achieved in 2005/06.
- The latest projections are that as well as finding the additional savings requested from the Directorate there will be a further overall saving of £12k by the end of the year. The main reasons for this improved position are revised cost of appointing Director of People and Improvement from January 2007, savings within Marketing and Communications to offset previous service pressures, savings in Legal Services due to additional chargeable work to other departments and a potential new overspend on Human Resources budgets managing a central fee for Occupational Health and recruitment advertising for directorates

Conclusions

Service Performance

- 85 Overall, performance across directorates is either performing well in comparison to other authorities, or is improving. In particular waste recycling, council house re-let & repair times, benefits claim processing, the speed of processing planning applications, and the key indicators for York Pride (i.e. graffiti, fly-tipping and abandoned car removal). The most significant improvement has occurred under Safer City, where a number of crime incident statistics have improved markedly, together with citizen perception of crime and safety in the city.
- 86 There are a number of service delivery areas however, which either needed to be watched closely between now and monitor 3, or where corrective action needs to be taken to turn performance around before 31st March 2007. These include street light repair, missed bin collection, Adult Social Services clients receiving a review and staff sickness in specific directorates.

Financial Performance

- 87 Special monitoring exercises were undertaken continually throughout the summer, identifying at an early stage that there was a potential expenditure pressure in excess of £3m principally focussed on Children's Services and Adult Social Services. Timely action has been taken both by these departments and across the Council to address the overspends and find funding for elements that cannot be dealt with within the departments. The position is continually being reviewed.
- 88 If the current action taken by the Directors continues to be successful, then it is projected that the Council may underspend by £229k.
- 89 If the action is not fully successful any year-end overspend will need to be funded from reserves. All the projected variations are need to be continually monitored as any overspend results in reduced balances. As predicted in the Medium Term Financial Forecast the 2007/08 budget process has been a challenging one and as

much scope as possible will be needed to reduce the impact of service cuts and Council Tax increases.

- 90 There has been a lot of work undertaken within departments and the CMT to manage expenditure and bring budgets in on target. There are, however, some underlying pressures - notably on children's services and adult social services - where the overspends look set to continue. These have been addressed as part of the 2007/08 budget and will clearly need to be monitored as a high priority in future monitoring reports.

Consultation

- 91 CMT & Executive members have considered this report in a joint monitor session. The key actions and recommendations from that session are set out in para 100.

Options

- 92 CMT have undertaken a large amount of work to contain expenditure and look for other savings that can be delivered to ensure that overall the Council does not overspend in the year. Members have the following options

- consider the applications for supplementary estimate requests of £55k to be funded from the contingency fund, as set out in paragraph 59, and decide whether, or at what level, to grant approval.
- Approve the transfer between general fund and the traded activities profit from Neighbourhood Services of £17,090 relating to procurement savings as set out in paragraph 61.
- instruct departments to continue to look for savings within their own budgets rather than request supplementary estimates for additional expenditure pressures.
- Endorse the proposal to take the £480k additional dividend from Yorwaste is incorporated into the general fund reserves when it is received as set out in paragraph 78
- endorse the action currently being taken by departments to manage the overspends identified.

Members are recommended to accept the proposals in the report.

Analysis

- 93 All the analysis of service performance, progress on key actions and the financial position of the Council is included in the body of the report.

Corporate priorities

- 94 The proposals included in this report are designed to demonstrate progress on achieving the Council's corporate strategy, Council Plan and the priorities set out in these documents. It also provides evidence of the emerging co-operation between CMT and the Executive in working together to drive forward prioritised improvement and address issues of corporate concern.

Implications

95 The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources - there are no specific human resource implications to this report, but it does contain important information on staff management and welfare.
- Equalities - there are no equality implications to this report
- Legal - there are no legal implications to this report
- Crime and Disorder - there are no specific crime and disorder implications to this report, but it does provide the Executive with crucial performance information to inform future resource allocation.
- Information Technology - there are no information technology implications to this report
- Property - there are no property implications to this report
- Other - there are no other implications to this report

Risk Management

96 The overall theme of this report supports strategic risk management across the Council. It provides Executive members with customised performance and budget information, based on high priority (or high-risk) areas of service delivery and performance. Any resource redirection or corporate attention will itself, be based on the concept of managing risk.

97 The initial report to Members on budget matters this financial year has been through the Revenue Outturn report for 2005/06, which went to the Executive on the 27th June and summarised information that already been reported via EMAPs. The Executive report clearly identified the potential future impact from on-going overspends in paragraph 9 of that report "Members should be assured that some areas of recurring overspend have been addressed as part of the 2006/07 budget process, although there are others which will cause problems into 2006/07. Most notably work is on-going to identify and quantify the prime drivers for the overspends in Adult and Children's Social Services. Such work will assist services in developing appropriate mitigating actions but will also inform the development of the 2007/08 budget and the council's medium term financial strategy." The report went on to clarify this potential impact further firstly with a breakdown of £355k of on-going pressures for Childrens Social Services; and in more general terms referred to a potential underlying overspend in 2006/07 on Adult Social Services and stated "If the underlying pressures are not addressed the scale of the impact in 2006/07 could once again be well over £1m. Work is on-going to quantify and address these issues."

98 The Finance Strategy Report which went to the Executive on the 11th July also reflected these pressures. As part of the medium term financial forecast an estimate was included of the potential need to address current service pressures for Adults and Childrens Social Services. In line with the estimates available at the time these values were recorded at £1,400k and £355k respectively. Between them these two lines represented approximately a quarter of the potential reprioritisation needs for the council in 2007/08 forecast.

99 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. In the same manner this report recommends an ambitious but achievable realignment of funding to deliver a balanced budget. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will continue to be monitored via Directorate Management Teams and, if required, the Corporate Management Team.

Recommendations

100 Members are asked to:

- note the performance issues identified in this report.
Reason: So that corrective action on the performance issues can be addressed by Directorates and EMAPs.
- delegate the responsibility for determining the final format of the amended park and ride scheme to the Director of Resources, taking into account the results of the consultation exercise currently being undertaken and considering the practical implications of implementing the amendments (paragraph 49).
Reason: So that the revised scheme can be implemented within budget and as promptly as possible.
- consider the applications for supplementary estimate requests of £55k to be funded from the contingency fund, as set out in paragraph 59, and decide whether, or at what level, to grant approval.
Reason: In accordance with the Executive's Constitutional powers to make decisions on the level and granting of supplementary estimates.
- Approve the transfer between general fund and the traded activities profit from Neighbourhood Services of £17,090 relating to procurement savings as set out in paragraph 61.
Reason: The virement request is within the budget areas where the Executive is the responsible body.
- Approve the release of the £1,500k provision for equal pay to fund the estimated costs as set out in paragraph 63.
Reason: the Executive is the responsible body for the release of this provision.
- Approve the transfer of £710k from the one-off resources in 2006/07 to the specific costs of equal pay as set out in paragraph 63.
Reason: The virement request is within the budget areas where the Executive is the responsible body.
- Approve the transfer of £330k from the one-off resources in 2006/07 to the project costs of job evaluation to cover the period to October 2007 as set out in paragraph 65.
Reason: The virement request is within the budget areas where the Executive is the responsible body.

- Approve that the balance of the one-off resources for equal pay and job evaluation are transferred to Reserves at the year-end as set out in paragraph 65.

Reason: The transfer to reserves is within the budget areas where the Executive is the responsible body.

- Instruct departments to continue to look for savings within their own budgets rather than request supplementary estimates for additional expenditure pressures.

Reason: To ensure that all practicable action is taken in departments prior to seeking additional funding from the Executive

- Endorse the proposal to take the £480k additional dividend from Yorwaste is incorporated into the general fund reserves when it is received as set out in paragraph 78

Reason: This is a unique income source to the Council and should become part of the Council's overall resources controlled by the Executive.

- endorse the action currently being taken by departments to manage the overspends identified.

Reason: To enable the Executive to continue to monitor the budget.

Contact Details

Authors:

Janet Lornie, Corporate Finance Manager
Peter Lowe, Improvements Officer

Chief Officers responsible for the report:

Peter Steed: Head of Finance
David Atkinson: Chief Executive

Specialist Implications Officer(s) None

Wards Affected: *List wards or tick box to indicate all*

All

√

Background Working Papers

Reports to individual EMAP meetings

Annexes

- Annex 1 - York Pride Scorecard for monitor 2
- Annex 2 - Safer City Scorecard for monitor 2
- Annex 3 - Corporate overview of staff performance for monitor 2
- Annex 4 - CPA prediction for 2006
- Annex 5 - Customer First statistics for monitor 2
- Annex 6 - LPSA2 mid-year update
- Annex 7 - General Fund Net Expenditure Budget
- Annex 8 - Variations on Treasury Management Activity
- Annex 9 - Detail of Other Centrally Held Budgets
- Annex 10 - Growth Schemes in 2006/07
- Annex 11 - Savings Proposals in 2006/07

Annex 12 - Position on General Contingency
Annex 13 - Reserves Statement
Annex 14 - Venture Fund