

Notice of meeting of

Executive Member For Corporate Services and Advisory Panel

To:	Councillors Macdonald (Executive Member), Scott (Chair), Looker (Opposition Spokesperson), Moore and R Watson
Date:	Tuesday, 12 September 2006
Time:	5.00 pm
Venue:	The Guildhall, York

AGENDA

Notice to Members - Calling In:

Members are reminded that, should they wish to call in any item on this agenda, notice must be given to Democracy Support Group by:

10:00 am on 11 September 2006, if an item is called in *before* a decision is taken, *or*

4:00 pm on 14 September 2006, if an item is called in *after* a decision has been taken.

Items called in will be considered by the Scrutiny Management Committee.

1. Declarations of Interest

At this point, members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

2. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annexes A-C to Agenda Item 10 (National Non-Domestic Rates, Sundry Debtors, Council Tax and Overpaid Housing Benefit Accounts Submitted for Write-Off) on the grounds that they contain information which is likely to reveal the identity of an individual and information relating to the financial or business affairs of any particular person. This information is classed as exempt under paragraphs 2 & 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

3. Minutes (Pages 1 - 6)

To approve and sign the minutes of the meeting of the Executive Member for Corporate Services and Advisory Panel held on 25 July 2006.

4. Public Participation

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Executive Member's remit can do so. The deadline for registering is Monday 11 September 2006, at 10.00 am.

5. Forward Plan Update (Pages 7 - 16)

To receive an update on the Resources Directorate items which are listed on the Forward Plan.

Executive Member to consider the advice of the Advisory Panel upon the following items of business and to make a decision on those items or to note the information as required:

6. 2006/7 First Interim Report - Finance & Performance (Pages 17 - 40)

This report presents the service and financial performance of the Resources Directorate, covering April to July 2006 inclusive.

7. 2008 Pension Reforms - Government Proposals for Changes to the Local Government Pension Scheme (Pages 41 - 58)

This report is a response to the Government's consultation on proposals for a new look Local Government Pension Scheme which will come into effect from 1 April 2008.

8. Update on Efficiency Savings (Pages 59 - 64)

This report gives an update on progress against the Gershon efficiency targets in the light of the 2005/06 out-turn and the 2006/07 forecast of efficiencies.

9. DDA (Disability Discrimination Act) Performance Update (Pages 65 - 72)

This report provides an update on the Council's response to the requirements of the Disability Discrimination Act (DDA).

10. National Non-Domestic Rates, Sundry Debtors, Council Tax and Overpaid Housing Benefit Accounts Submitted for Write-Off (Pages 73 - 88)

This report seeks approval to write-off irrecoverable accounts, each one over £2,000 in value, for National Non-Domestic Rates, Sundry Debtors and Housing Benefit Overpayments. It also provides details of the value of other irrecoverable accounts under £2,000 that have been written-off under delegated authority in the current financial year.

11. Review of the Council's Fraud and Corruption Prosecution Policy (Pages 89 - 102)

This report seeks the Executive Member's approval for a revised policy for prosecuting individuals who have committed acts of fraud or corruption against the Council.

12. Staff Warning Register: Extension of Access and Scope (Pages 103 - 114)

This report recommends giving elected members access to the Staff Warning Register and proposes certain arrangements to ensure that its privacy safeguards are properly maintained. It also describes an extension of its scope to cover not only harm (and risk of harm) through violence, but alarm, harassment or distress (or the

risk) through behaviour described in the recently approved Violence and Aggression Policy.

13. Any Other Matters which the Executive Member decides are urgent under the Local Government Act 1972.

Democracy Officer:

Name: Simon Copley

Contact details:

- Telephone – (01904) 551078
- E-mail – simon.copley@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

City of York Council

Minutes

MEETING	EXECUTIVE MEMBER FOR CORPORATE SERVICES AND ADVISORY PANEL
DATE	25 JULY 2006
PRESENT	COUNCILLORS MACDONALD (EXECUTIVE MEMBER), SCOTT (CHAIR), MOORE, POTTER (AS SUBSTITUTE FOR LOOKER) AND R WATSON
APOLOGIES	COUNCILLOR LOOKER

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS

7. Declarations of Interest

The Chair invited Members to declare any personal or prejudicial interests which they might have in the business on the agenda.

No interests were declared.

8. Minutes

Members noted, with regards to minute 2, that no adequate explanation had been provided to ward members as to why they had not been briefed and consulted on the report on "Proposed Managed Workspace Scheme, Amy Johnson Way, Clifton Moor" before it had been made public. Members also noted, with regards to minute 4, that ward members had not been briefed on "Land at Manor Lane, Rawcliffe" as requested.

RESOLVED: That the minutes of the meeting of the Executive Member for Corporate Services and Advisory Panel held on 13 June 2006 be approved and signed by the Chair and the Executive Member as a correct record, with the following amendment:

- (i) To minute 2 (Minutes), to add a sentence to read, "Members noted, with regards to minute 85 (Proposed Managed Workspace Scheme, Amy Johnson Way, Clifton Moor), that the written explanation received by ward members was inadequate".

9. Public Participation

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Michael Hjort, the Director of York Festival of Food and Drink, addressed the meeting regarding agenda item 5 (The Guildhall – Future Investment) (minute 11 refers). He summarised his observations on facilities at the Guildhall and put forward a case for future investment.

10. Forward Plan Update

Members received an update on the Resources Directorate items which were listed on the Forward Plan.

Members expressed concern regarding a failure to consult ward members on property issues in their wards in some instances. They also highlighted the need to allow sufficient time for consultation.

The Director of Resources agreed to issue a written instruction to officers in Property Services to ensure that consultation occurred in all cases in the future. It was noted that the requirements of the new report writing protocol and checks by the Director and the Assistant Director (Property Services) provided additional safeguards.

The Executive Member agreed to discuss the mechanisms for briefing and consulting ward members with officers and to ensure a brief report be brought to the next meeting detailing the outcomes of these discussions.

Members noted, with regards to the formatting of the document, that some of the text in the “comments/generated by” column was not visible as the size of the rows was uniform and requested that settings on the spreadsheet be adjusted to avoid this problem recurring in the future.

Advice of the Advisory Panel

- (i) That the Executive Member be advised to note the update on the Forward Plan;
- (ii) That outstanding information relating to “Proposed Managed Workspace Scheme, Amy Johnson Way, Clifton Moor” and “Land at Manor Lane, Rawcliffe” (minute 8 refers) be provided to ward members as a matter of priority;
- (iii) That discussions be held with officers regarding the mechanisms for briefing and consulting ward members and a brief report be brought to the next meeting detailing the outcomes of these discussions.

Decision of the Executive Member

RESOLVED: That the advice of the Advisory Panel be accepted and endorsed.

REASON: To inform the Executive Member of the update of the Forward Plan and to ensure that fail safe processes are put in place so that consultation always takes place with ward members on property issues in their wards.

11. The Guildhall - Future Investment

Members received a report which sought to update them on recent observations made in respect of facilities at the Guildhall and the possibility of a case for future investment.

The Food and Drink Festival had used the Guildhall for a number of events in September 2005 and as a result of this the Director of the Festival, on behalf of York Hospitality Association, had written to the Chief Executive making a number of observations regarding the facilities at the hall and putting forward a case for investment. These observations were set out in Annex A of the report.

The report presented two options for consideration:

- Option 1 – To decide that no future investment in the Guildhall was appropriate;
- Option 2 – To ask the Corporate Landlord to consider investment options for the Guildhall, in response to the report, as part of the administrative accommodation review.

As the accommodation review had yet to look at long term options for the Guildhall, Members proposed that a report be brought back to the Executive Member for Corporate Services and Advisory Panel within 3 months, which concentrated on short term options which had a “pay back” by 2011. The long term options for the Guildhall complex would then be considered as a part of the accommodation review. Members emphasised that the “pay back” should not be restricted to financial pay back, but could also cover non-financial matters, and officers advised that the report could also consider options which could be funded from available budgets. Officers indicated that short term options would probably relate to issues such as hearing loops, panel partitions and tables, whilst long term options would cover issues relating to heating, power supply and toilet facilities.

Advice of the Advisory Panel

- (i) That Option 2 be approved and the Corporate Landlord be asked to consider investment options for the Guildhall, in response to the report, as part of the administrative accommodation review. Since the accommodation review had yet to look at long term options for the Guildhall, a report be brought back to the Executive Member for Corporate Services and Advisory Panel within 3 months, which concentrates on short term options which have a “pay back” by 2011. The long term options for the Guildhall complex be considered as a part of the accommodation review.

Decision of the Executive Member

RESOLVED: That the advice of the Advisory Panel be accepted and endorsed.

REASON: To ensure future development is sound and good value.

12. Transfer of the Social Care Welfare Benefits Function from Resources Directorate to Housing and Adult Social Services Directorate

Members received a report which sought approval for the transfer of management responsibility for the social care welfare benefits function from the Resources Directorate to the Directorate of Housing & Social Services. This followed the first stage of a review of the discretionary charging system undertaken jointly by the two Directorates.

The current system for administering discretionary charging had three key components, each of which was separately managed and utilised different information and data systems:

- Provision of welfare benefits checks and advice, and gathering of information for financial assessments, carried out by the Benefit Advice section of the Resources Directorate;
- Management of financial assessments, carried out by the Corporate Services section of the Housing & Adult Social Services Directorate;
- Reconciliation of the level of provision with the assessed charge in order to send invoices to customers, carried out by the Charging Unit in the Adult Services section of the Housing & Adult Social Services Directorate.

The report presented the following options for consideration:

- Option 1 – To retain the current structure;
- Option 2 - To manage all components in one section;
- Option 3 – To combine financial assessment and charging functions.

It was reported that the Executive Members for Housing and Adult Social Services and Advisory Panel had considered the report on 17 July 2006 and had approved Option 2.

It was noted that the first bullet point of paragraph 21 should read, “There is a risk that the advantages gained by linking the welfare benefit function of the discretionary charges with the Council’s Resources Team responsible for benefit advice would not be fully realised;” and that the final sentences of paragraph 21 should read, “It is felt that the impact of the risks are higher and more likely to happen, if the proposal is not agreed. Any potential risks can be managed through contingency planning”.

Advice of the Advisory Panel

That the Executive Member for Adult Social Services be advised:

- (i) That Option 2 be approved, with the resulting transfer of the management of the benefits advice function from the Resources Directorate to the Housing & Adult Social Services Directorate.

Decision of the Executive Member for Adult Social Services

RESOLVED: That the advice of the Advisory Panel as set out above be accepted and endorsed.

REASON: To improve the efficiency and effectiveness of the service.

13. Treasury Management Annual Report & Review of Prudential Indicators

Members received a report which updated them on Treasury Management performance for 2005/06, covering short-term investments, long-term borrowing, the Venture Fund, outturn and including a review of the Prudential Indicators. It also sought approval of a revised Treasury Management Policy Statement and Practices, following a recent review of the Treasury Management in the Public Services Code of Practice by the Chartered Institute of Public Finance and Accountancy (CIPFA) and subsequent recommendations that local authorities update their policy statements and practices.

As part of the update on Treasury Management performance for 2005/06 it was reported that:

- The Council's average balance available for short term investments had dropped slightly from £29.2m in 2004/05 to £27.6m in 2005/06;
- The Council's long term borrowings started 2005/06 at £80.4m and ended it at £93.4m;
- The balance on the Venture Fund was £1,467k at the start of 2005/06 and £852k at the end;
- The Treasury Management outturn for 2005/06 was £2,628k against an approved budget of £2,526k, which resulted in a small overspend of £102k.

Paragraph 27 and Annex D of the report presented a review of the Prudential Indicators for 2005/06.

The revised Treasury Management Policy Statement and Practices were attached as Annexes E & F of the report.

Advice of the Advisory Panel

- (i) That the performance of the Treasury Management activity in 2005/06, the movements on the Venture Fund and the Treasury Management outturn be noted;
- (ii) That the review of the movements in the Prudential Indicators be noted;
- (iii) That the revised Treasury Management Policy Statement and Practices, attached as Annexes E & F of the report, be approved, subject to the following amendments
 - (a) To the Policy Statement to reflect that the Council now delegated responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive Member for Corporate Services;

(b) To the first bullet point of the section headed "Checks" on page 10 of the Practice Schedules to require bank reconciliation to be carried out monthly from the bank statement to the financial ledger;

(c) To point f) of paragraph 5.1 on page 18 of the Practice Schedules to reflect that the Council's audit committee was called the Audit and Governance Committee.

Decision of the Executive Member

RESOLVED: That the advice of the Advisory Panel be accepted and endorsed.

REASON: In order to comply with the CIPFA Treasury Management in the Public Services Code of Practice.

Q MACDONALD
Executive Member

D SCOTT
Chair of Advisory Panel
The meeting started at 5.30 pm and finished at 7.10 pm.

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

	TITLE OF REPORT	RESPONSIBLE DIVISION/ REPORT AUTHOR	FIRST DEADLINE FOR REPORTS TO DIRECTOR & CHAIR OR EARLIEST DISTRIBUTION DATE	RMT/QCG	DATE	CMT	EMAP	EBS	EXEC	COMMENTS/ GENERATED BY
1	DDA Access Works Update	Property Philip Callow	25/08/06				Corporate EMAP 12 September 2006			Deferred as further financial work is required in order to put a programme together for next year
2	Review of City of York Council's Fraud and Prosecution Policy	Audit & Risk Mgt Max Thomas	25/08/06				Corporate EMAP 12 September 2006			Deferred to allow time for further consultation
3	Accounts Submitted for Write Off	Public Service Jenny Smithson	25/08/06				Corporate EMAP 12 September 2006			Business Cycle
4	First Resources Performance & Finance Monitor	Sian Hansom/ Jon Pike	25/08/06				Corporate EMAP 12 September 2006			Business Cycle (To also include first Treasury Management Monitor)
5	Access to the Staff Warning Register for Members	Public Services Robert Beane	25/08/06				Corporate EMAP 12 September 2006			Requested by Members
6	2008 Pension Reforms Government Proposals for Changes to the Local Government Pension Scheme	Finace Louise Dixon	25/08/06				Corporate EMAP 12 September 2006			Requested by Report Author
7	Update on Efficiency Savings	Finance Steve Morton	25/08/06				Corporate EMAP 12 September 2006			Requested by Report Author
8	Capital Strategy Document 2006-09	Property Services Neil Hindhaugh/ Tom Wilkinson	19/08/06			CMT 23/08/2006		EBS 05/09/2006	EXEC 12/09/2006	Deferred from the Executive in May Further consultation with CAPMOG is required
9	New Capital Resource Allocation Model (CRAM)	Property Services Neil Hindhaugh/ Tom Wilkinson	19/08/06			CMT 23/08/2006		EBS 05/09/2006	EXEC 12/09/2006	Requested by Report Author

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10	Strategic Risk Register - Annual Report and update on Risk Management Strategy	A&RM David Walker	13/08/06		CMT 23/08/2006		EBS 05/09/2006	EXEC 12/09/2006	Business Cycle
11	51 Bismarck Street Sale of Property	Property Services Philip Callow	13/08/06		QCG 29/08/2006		EBS 05/09/2006	EXEC 12/09/2006	Report at Request of Report Author
12	The Bonding Warehouse Lease Surrender	Property Services John Urwin	13/08/06		QCG 29/08/2006		EBS 05/09/2006	EXEC 12/09/2006	Report at Request of Report Author
13	Addressing 2006/07 Budget Pressures	Finance Peter Steed	20/08/06		CMT 30/08/2006				Report at Request of CMT
14	Review of Sickness Management	Audit & Risk Management Liz Ackroyd/ Max Thomas	03/09/06		CMT 13/09/2006				Report at Request of CMT
15	Officer Governance Group Progress & Work Programme	Audit & Risk Management Liz Ackroyd	10/09/06		CMT 20/09/2006				Report at Request of CMT
16	The Report of the District Auditor Barbican	Simon Wiles/Rachel Lindley	24/09/06			Audit & Governance Committee 04/10/2006			Report at the Request of Members
17	Breaches & Waivers of Financial Regulations	Audit & Risk Management Liz Ackroyd/ Richard Smith	24/09/06			Audit & Governance Committee 04/10/2006			Business Cycle
18	Money Laundering	Audit & Risk Management Max Thomas	24/09/06			Audit & Governance Committee 04/10/2006			Report at Request of Report Author

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19	The Role of Audit & Governance in Monitoring the Implementation of Risk Management	Audit & Risk Management David Walker	24/09/06				Audit & Governance Committee 04/10/2006			Report at Request of Report Author
20	The Role of Audit & Governance in Monitoring the Implementation of the Fraud Prosecution Policy	Audit & Risk Management Max Thomas	24/09/06				Audit & Governance Committee 04/10/2006			Report at Request of Report Author
21	Consultation and Shaping Session on the IAS Strategic Audit Plan	Audit & Risk Management Liz Ackroyd/ Max Thomas	24/09/06				Audit & Governance Committee 04/10/2006			Business Cycle
22	Mid Point Follow Up Review of Implementation of IAS Audit Recommendations (Jan 06 - June 06 Audits)	Audit & Risk Management Richard Smith	24/09/06				Audit & Governance Committee 04/10/2006			Business Cycle
23	Report to Those Charged with Governance	Audit & Risk Management Simon Wiles/Rachel Lindley	28/08/06			CMT 27/09/2006	Special Audit & Governance Committee 25/09/2006	EBS 03/10/2006	EXEC 10/10/2006	Report at Request of Report Author Deferred from Executive Meeting of 26/09/2006
24	Admin Accommodation Update Report	Property Services Maria Wood	10/09/06			CMT 20/09/2006		EBS 03/10/2006	EXEC 10/10/2006	Requested by Report Author
25	Progress Report on IT Strategy 2002-2007	IT&T Tracey Carter/ Jane Collingwood	10/09/06			CMT 20/09/2006		EBS 03/10/2006	EXEC 10/10/2006	Requested by Report Author

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26	To Consider the Sale of 3-4 Patrick Pool	Property Services David Baren	16/09/06		QCG 26/09/2006		EBS 03/10/2006	EXEC 10/10/2006	Deferred from Executive Meeting 12/09/2006. The sale has been delayed due to possible use by the Citizens Advice Bureau
27	First Corporate Finance & Performance Monitor	Finance/Janet Lornie PIT/Peter Lowe	16/09/06		CMT 27/09/2006		EBS 03/10/2006	EXEC 10/10/2006	Business Cycle
28	First Capital Monitor	Finance Tom Wilkinson	17/09/06		CMT 27/09/2006		EBS 03/10/2006	EXEC 10/10/2006	Business Cycle
29	Investment Sale 2 High Petergate	Property Services James Dale	16/09/06		QCG 26/09/2006		EBS 03/10/2006	EXEC 10/10/2006	Requested by Report Author
30	Finance Strategy Update	Finance Peter Steed	08/10/06		CMT 18/10/2006				CMT only
31	Corporate Asset Management Plan	Property Services Neil Hindhaugh/ John Reid/ Philip Callow	24/09/06		CMT 04/10/2006		EBS 17/10/2006	EXEC 24/10/2006	Deferred from the Executive on 26/09/2006 to allow for guidance from central government to be incorporated into the report.
32	Monk Bar Garage Future Use of Site	Property Services John Urwin	29/09/06		QCG 10/10/2006		EBS 17/10/2006	EXEC 24/10/2006	Deferred from May and September Executive Meetings in order to consider further development options

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33	Area Asset Management Planning Tang Hall	Property Neil Hindhaugh	13/10/06				Corporate EMAP 31/10/2006			Deferred from September so that information from a Member/Officers Meeting taking place on 6/10/2006 can be added to the report.
34	Risk Management Development	Audit & Risk Management David Walker	13/10/06				Corporate EMAP 31/10/2006			Requested by Report Author
35	Short Term Options for Investment in the Guildhall	Property Services Neil Hindhaugh/ Elizabeth Ellis	13/10/06				Corporate EMAP 31/10/2006			Requested by Members
36	Information and Consultation with Ward Members on Property Items	Property Services Neil Hindhaugh	13/10/06				Corporate EMAP 31/10/2006			Requested by Members
37	Corporate Procurement Strategy	Audit & Risk Management Liz Ackroyd/Martin Gough	01/10/06			CMT 11/10/2006	Corporate EMAP 31/10/2006	EBS 14/11/2006	EXEC 21/11/2006	Requested by Report Author
38	IT Development Plan 2007/08	IT&T Jane Collingwood	22/10/06			CMT 01/11/2006		EBS 14/11/2006	EXEC 21/11/2006	Business Cycle
39	Second Resources Finance and Performance Monitor	Sian Hansom/ Jon Pike	24/11/06				Corporate EMAP 12/12/2006			Business Cycle (To also include second Treasury Management Monitor)
40	Resources Budget 2007/08 to 2009/10	Sian Hansom	24/11/06				Corporate EMAP 12/12/2006			Business Cycle
41	Budget Update	Finance Peter Steed	05/12/06			CMT 13/12/2006				CMT only

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42	Data Protection Policy	Audit & Risk Management Robert Beane	19/11/06			CMT 29/011/2006		EBS 12/12/2006	EXEC 19/12/2006	Requested by Report Author Deferred from Executive of 12/09/2006 to allow for further preparation
43	Information Governance Strategy	Audit & Risk Management Robert Beane	19/11/06			CMT 29/011/2006		EBS 12/12/2006	EXEC 19/12/2006	Requested by Report Author Deferred from Executive of 12/09/2006 to allow for further preparation
44	Second Corporate Performance & Finance Monitor	Finance/Janet Lornie PIT/Peter Lowe	23/12/06			CMT 03/01/2006		EBX 09/01/2007	EXEC 16/01/2007	Business Cycle
45	Second Capital Monitor	Finance Tom Wilkinson	23/12/06			CMT 03/01/2006		EBX 09/01/2007	EXEC 16/01/2007	Business Cycle
46	IAS Mid Term Monitor	Audit & Risk Management Max Thomas	21/01/07				Audit & Governance Committee 31/01/2007			Business Cycle
47	Fraud Mid Term Monitor	Audit & Risk Management Max Thomas	21/01/07				Audit & Governance Committee 31/01/2007			Business Cycle
48	OGG Mid Term Monitor	Simon Wiles/ Liz Ackroyd	21/01/07				Audit & Governance Committee 31/01/2007			Business Cycle
49	Managing the SIC Process in 2007/08	Audit & Risk Management Max Thomas	21/01/07				Audit & Governance Committee 31/01/2007			Business Cycle
50	Revenue Budget 2007/08 to 2009/10	Finance Peter Steed	14/01/07			CMT 03/01/2007		EBS 09/01/2007	EXEC 16/01/2007	Council 21/02/2007
51	Capital Budget 2007/08 to 2009/10	Finance Tom Wilkinson	14/01/07			CMT 03/01/2007		EBS 09/01/2007	EXEC 16/01/2007	Council 21/02/2007

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52	Trrasury Management Policy 2007/08 to 2009/10	Finance Tom Wilkinson	14/01/07		CMT 03/01/2007		EBS 09/01/2007	EXEC 16/01/2007	Council 21/02/2007
53	Lyons Report on Local Government Funding	Simon Wiles	30/01/07		CMT 06/02/2007				Requested by Report Author
54	Update Report on Admin Accom Project	Property Services Maria Wood	11/02/07		CMT 21/02/2006				Requested by CMT
55	Council Tax Resolution	Finance Janet Lornie							Council 21/02/2007
56	Admin Accommodation Update Report	Property Services Maria Wood	11/02/07		CMT 21/02/2007		EBX 06/03/2007	EXEC 13/03/2007	Requested by Report Author
57	Accounts Submitted for Write Off	Public Service Jenny Smithson	03/03/07			Corporate EMAP 20/03/2007			Business Cycle
58	IT Strategy 2007-2012	IT&T Tracey Carter/ Jane Collingwood	25/02/07		CMT 07/03/2007		EBS 20/03/2007	EXEC 27/03/2007	Requested by Report Author
59	The Action Plan Arising from the Annual Letter of the District Auditor	Audit & Risk Management Liz Ackroyd				Audit & Governance Committee April 2007			Business Cycle
60	The Annual Audit & Inspection Plan (Audit Commission)	Audit & Risk Management Liz Ackroyd/ Audit Commission				Audit & Governance Committee April 2007			Business Cycle
61	The Annual Internal Audit Plan	Audit & Risk Management Max Thomas				Audit & Governance Committee April 2007			Business Cycle

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62	The Annual Outturn Report of OGG (Progress against annual work Plan)	Simon Wiles/ Liz Ackroyd					Audit & Governance Committee April 2007			Business Cycle

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63	Mid Point Follow Up Review of Implementation of IAS Audit Recommendations (July 2007- December 2007 Audits)	Audit & Risk Management Richard Smith					Audit & Governance Committee April 2007			Business Cycle
64	The Annual Report of the Chief Internal Auditor	Audit & Risk Management Liz Ackroyd					Audit & Governance Committee June 2007			Business Cycle
65	The Statement of Accounts	Finance Janet Lornie/Peter Steed					Audit & Governance Committee June 2007			Business Cycle
66	The Statement of Internal Control	Audit & Risk Management Max Thomas					Audit & Governance Committee June 2007			Business Cycle
67	Breaches & Waivers of Financial Regulations	Audit & Risk Management Liz Ackroyd/ Richard Smith					Audit & Governance Committee September 2007			Business Cycle
68	Mid-point Review of the Implementation of Internal Audit Service Recommendations (Jan 07 - June 07 Audits)	Audit & Risk Management Richard Smith					Audit & Governance Committee September 2007			Business Cycle
69	Consultation & Shaping Session on the IAS Strategic Audit Plan	Audit & Risk Management Max Thomas					Audit & Governance Committee September 2007			Business Cycle
70	IAS Mid Term Monitor	Audit & Risk Management Max Thomas					Audit & Governance Committee January 2008			Business Cycle
71	Fraud Mid Term Monitor	Audit & Risk Management Max Thomas					Audit & Governance Committee January 2008			Business Cycle
72	OGG Mid Term Monitor	Simon Wiles/Liz Ackroyd					Audit & Governance Committee January 2008			Business Cycle

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	TITLE OF REPORT	RESPONSIBLE DIVISION/ REPORT AUTHOR	FIRST DEADLINE FOR REPORTS TO DIRECTOR & CHAIR OR EARLIEST DISTRIBUTION DATE	RMT/QCG DATE	CMT	EMAP	EBS	EXEC	COMMENTS/ GENERATED BY
73	Managing the SIC Process in 2008/09	Audit & Risk Management Max Thomas				Audit & Governance Committee January 2008			Business Cycle
74	The Action Plan Arising from the Annual Letter of the District Auditor	Audit & Risk Management Liz Ackroyd				Audit & Governance Committee April 2008			Business Cycle
75	The Annual Audit & Inspection Plan (Audit Commission)	Audit & Risk Management Liz Ackroyd/ Audit Commission				Audit & Governance Committee April 2008			Business Cycle
76	The Annual Internal Audit Plan	Audit & Risk Management Max Thomas				Audit & Governance Committee April 2008			Business Cycle
77	The Annual Outturn Report of OGG (Progress against annual work Plan)	Simon Wiles/ Liz Ackroyd				Audit & Governance Committee April 2008			Business Cycle
78	Mid Point Follow Up Review of Implementation of IAS Audit Recommendations (July 2007- December 2007 Audits)	Audit & Risk Management Richard Smith				Audit & Governance Committee April 2008			Business Cycle



***Executive Member for Corporate Services
and Advisory Panel***

12th September 2006

Report of the Director of Resources

2006/7 FIRST INTERIM REPORT – FINANCE & PERFORMANCE

1. Summary

This report presents the service and financial performance of Resources directorate, covering April to July 2006 inclusive. The report includes:-

- Executive Summary & Director's overview... Section 3
- Budget and Performance in detail.....Section 4 (4.1 to 4.6)
- Capital Programme.....Section 4.7
- Progress on Easy@york Section 4.8
- Annexes as listed after Section 11

In section 11, Members are requested to note the financial position, and the performances and achievements for the year so far.

2. Background

This report combines financial and service performance information, which is a key improvement emerging from the Transforming York project.

The Resources Directorate has a number of performance Indicators, some of which are reported during the year, and others at outturn only. This report shows performance against those indicators which are monitored during the year, and for information, repeats the outturn performance of the annually monitored indicators. (Annexes 3 and 4) The next report will be the second monitoring report for 2006/7, due in December 2006.

3. Executive Summary

3.1. Director's Overview

3.1.1. Generally the performance of the department is continuing to improve with many PI's showing further signs of improvement. I would particularly draw Member's attention to the improvements in staff sickness, the progress on the Easy@York project, the improvements in the processing of Benefits claims and the improved financial position on Benefits.

3.1.2. The main difficulties the department faces apart from a general difficulty of workload being greater than capacity are as follows:-

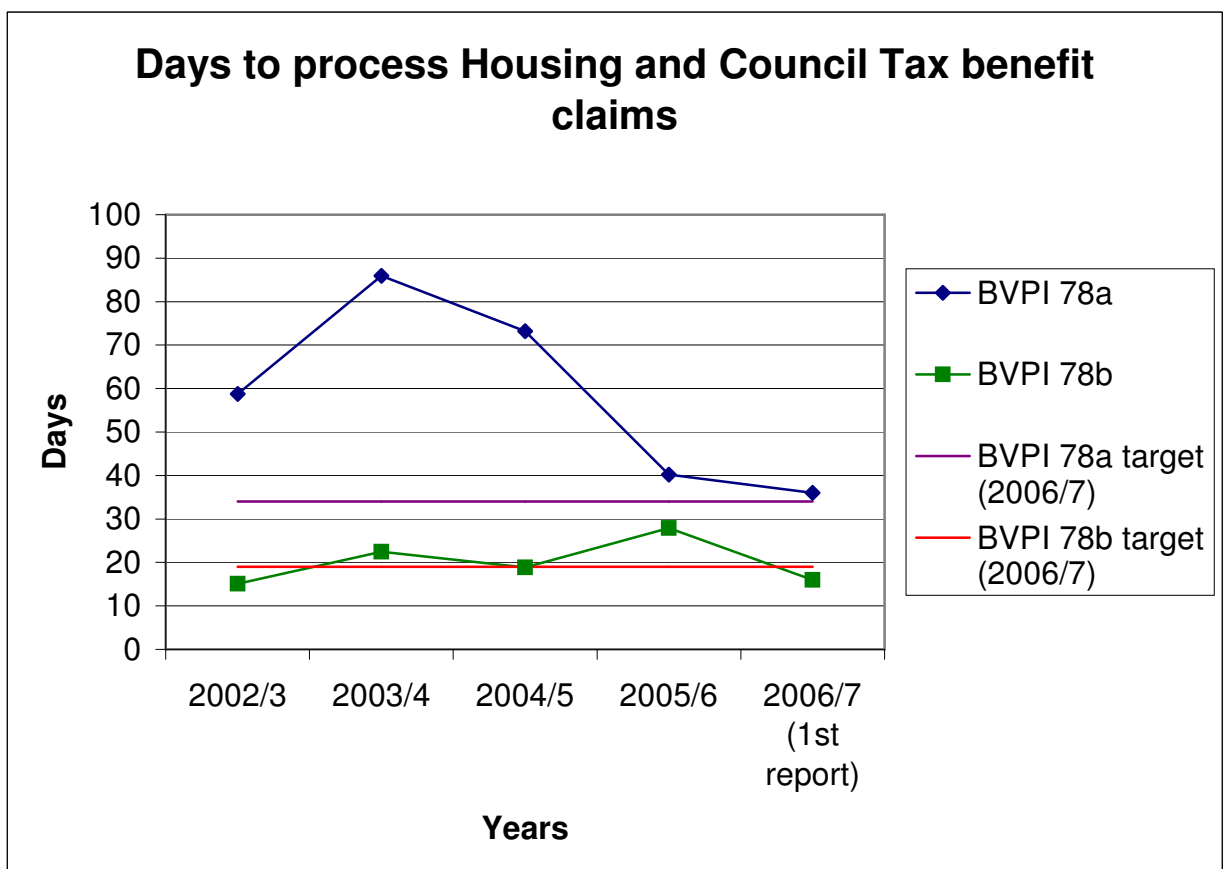
- 1) Financial problems due to non delivery of procurement savings, and significant overspends in Property Services. Whilst we are close to having options to address these issues in the current year, these are one-off solutions and we need to identify ongoing solutions to these issues before next year's budgets are set.
- 2) My personal capacity and that of staff who work at a departmental level is a serious problem. Since the loss of the Assistant Director Business Management and my taking on of significant extra corporate responsibilities and projects, there is a lack of central drive and coordination within the department. This affects departmental systems, finance, and cross cutting themes such as equalities, health and safety, delivery of some projects etc. In order to try to offset this, City Strategy have taken over the provision of financial and business support services which they now provide for Resources. However this will take some time to settle in. Other Assistant Directors and myself have taken on significant additional duties, but given the overall workload this is not enabling all tasks that need to be done, to be completed, and many things are being delayed. At present I have insufficient time to meet each of the Assistant Directors for regular 1-2-1's (these have been suspended since early June) and I don't see when they can be reintroduced. This has a severe impact on the running of the department. In addition we are doing almost no strategic long term planning. Some of the Assistant Directors are showing signs of stress and illness as a result of the workload pressures. I will be seeking to find time over the next two months to review both my own and my AD's workload commitments with a view to deferring or canceling some planned work and withdrawing from some joint projects. I will also be looking at other options to formalise the new responsibilities referred to above.
- 3) There are too many areas where we don't have enough control over processes, finances and outcomes. The Property Services overspend, the finances for Housing Benefits and some of the workload in the Procurement Team are issues that we need to find solutions for, but which are currently significant challenges.

3.1.3 The last 18 months has seen significant progress for Resources in terms of service delivery, almost all performance indicators have significantly improved and key projects have progressed well. Given the information presented above it is important that the department enters a period of consolidation where the priorities must be:-

- a) to maintain and embed existing improved performance
- b) to deliver on a small, clear set of key projects and service improvements
- c) to make further specific improvements in the few key services where performance is below standard.

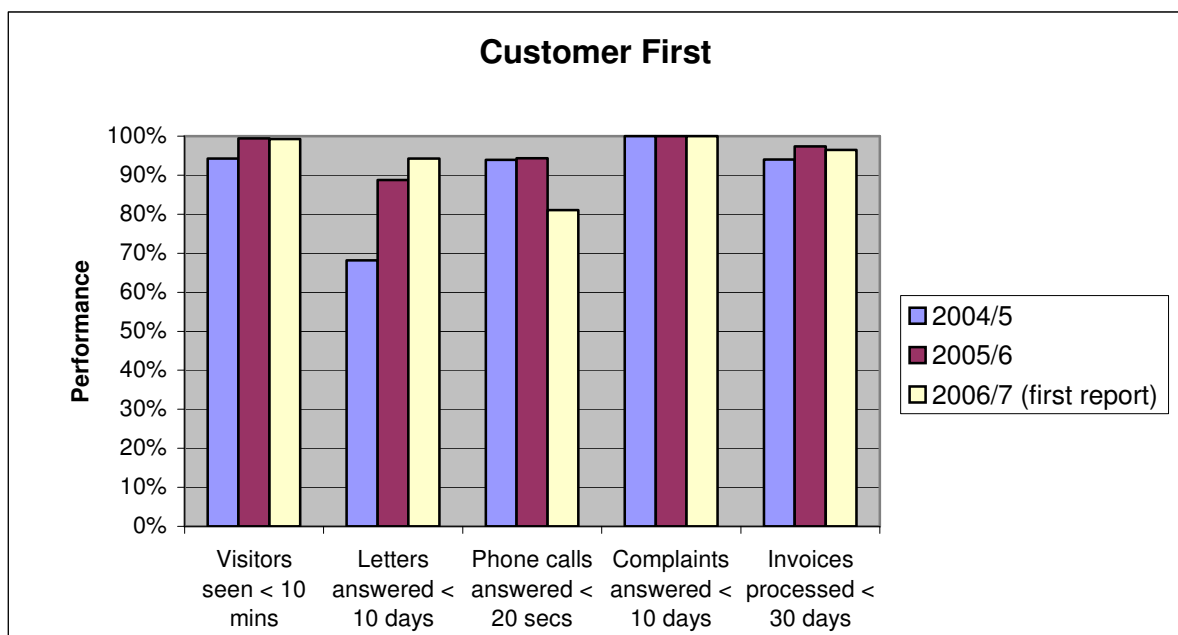
3.2 Performance highlights:

- Most of the directorate’s national performance indicators achieved outturn performances better than last year’s (a direct numerical comparison is not possible because one indicator has been revised into 3 parts). In most cases, this trend is continuing into 2006/7, so far. (BVPI – Best Value Performance Indicator)
- Progress on BVPI 78a (Speed of processing Housing & Council tax Benefit Claims) is worthy of particular note. Performance has improved from 85.93 days at 2003/4 outturn to 40.22 days at 2005/6 outturn. Performance at 31st July is 36 days, and the target for the year is 34 days. (See chart below). BVPI 78b (speed of processing changes in circumstances) is also making good progress.



- I.T. systems availability has now reached 99.99%
- 99.25% of visitors were seen within 10 minutes.
- 94.25% of letters were answered within 10 days, compared to 88.77% at outturn.
- 92.3% of telephone calls were answered within 20 seconds, compared to 93.91% last year.
- 97.09% of the directorate's own invoices were processed within 30 days, almost identical to the outturn performance.

The table below shows Customer First outturn performances for 2004/5 and 2005/6, compared to performance for the first 2006/7 reporting period. (1st April to 31st July)



3.3 Resources (Budget)

The table below summarises the latest financial forecast for the Resources directorate by division.

	Expenditure Budget	Income Budget	Net Budget	Outturn	Overspend	%
	£000	£000	£000	£000	£000	
Director	594	282	312	312	0	0.0
Public Services	37,311	34,739	2,572	2,546	-26	-0.1
Financial Services	2,335	2,308	27	-66	-93	-4.0
Audit & Risk Mgt	3,562	3,683	-121	-5	116	3.3
IT&T	7,825	6,425	1,400	1,168	-232	-3.0
Property Services	7,591	7,715	-124	44	168	2.2
Resources Total	59,218	55,152	4,066	3,999	-67	-0.1

Whilst the headline underspend figure of £67k (-0.1%) looks satisfactory there are a number of issues that need to be drawn to Members attention. Included in the underspend is a sum of £87k from the FMS (Financial Management System) project that will need to be carried forward to 2007/08. This means that there is an underlying overspend within the Directorate of £20k. Furthermore the Corporate Management Team has requested the Resources Directorate to identify in year additional savings of £125k to help towards the Council's overall financial position in the current year. It is intended to offer £125k of the FMS project savings to assist the overall financial position. This would reduce Resources budgets by £125k this year and would lead to the need to identify further savings in order to create enough underspend to allow for the £87k carry forward referred to above to be funded.

It should also be noted that some of the financial problems are ongoing such as the property rentals and the inability to find sufficient procurement savings. Longer term solutions that may include funding bids as part of the budget process are being examined.

Resource Management Team are doing further work on the current budget situation, including work on recovery of housing benefits overpayments where we are having difficulty getting accurate projections, as part of planning and identifying savings options for next years budget. These will be reported in the next monitor.

The headline variances as at 31st July are shown below :-

- Better than anticipated performance on Housing Benefit subsidy. Overall the Council's position on Housing and Council Tax Benefit subsidy is improving. The two key issues are that the Council's homeless and planning policies are leading to additional costs falling on Housing Benefits as the Government only funds a small proportion of the costs of homeless people placed in higher cost rented accommodation. This type of accommodation is being used more and more as an alternative to bed and breakfast. On the positive side Local Authority errors are currently being managed within Government targets. If this is achieved then about £150k of additional subsidy will be earned and this is included within the projected figures in this report. If the target is not hit, and this is not something that is fully within the Council's control, then the outturn figures will be worse by the above amount, so the situation carries an element of risk. An improvement in the management of Local Authority errors could result in the receipt of approx. £150k of additional subsidy which is offset by higher costs of approx. £104k associated with additional homelessness support.
- Delay in incurring expenditure on replacement Financial Management System, creating underspend of £319k. Main spending now due in April 2007. This underspend falls in Financial services (£87k), but the bulk of it is in IT&T (£232k).
- Anticipated under-achievement of procurement savings of £130k is mostly due to the way in which the target has been set in previous years. Work this year has demonstrated that there is a need to write down the target in future years to a more realistic level that properly reflects the scope for future

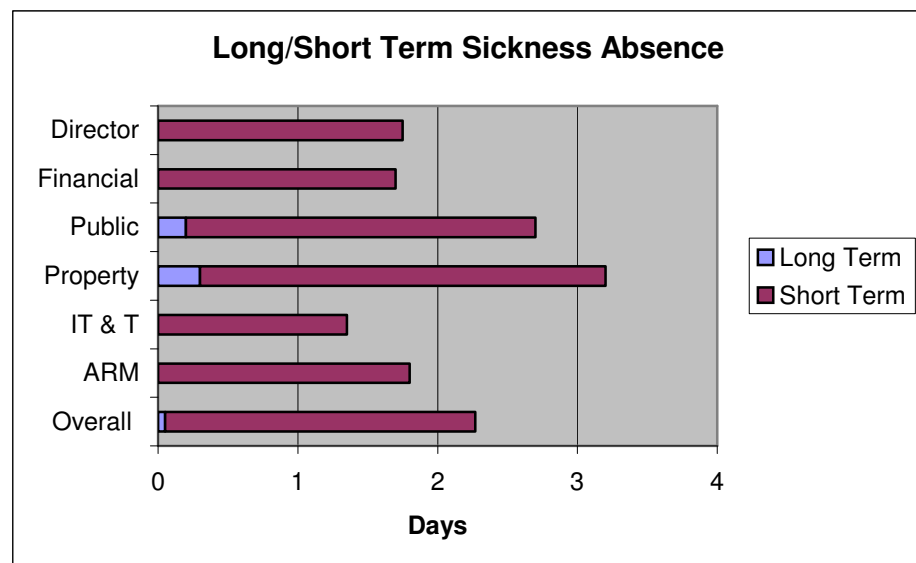
savings on Corporate contracts and the capacity of the of the Corporate Procurement team to deliver a medium term savings programme in future years.

- There are several pressures on Property services' budgets. These comprise of overspends on rents and maintenance in Admin. Accommodation; shortfall in rent income; shortfall in income due from fire insurance premiums; and assessment costs not recoverable through the capital receipts protocol

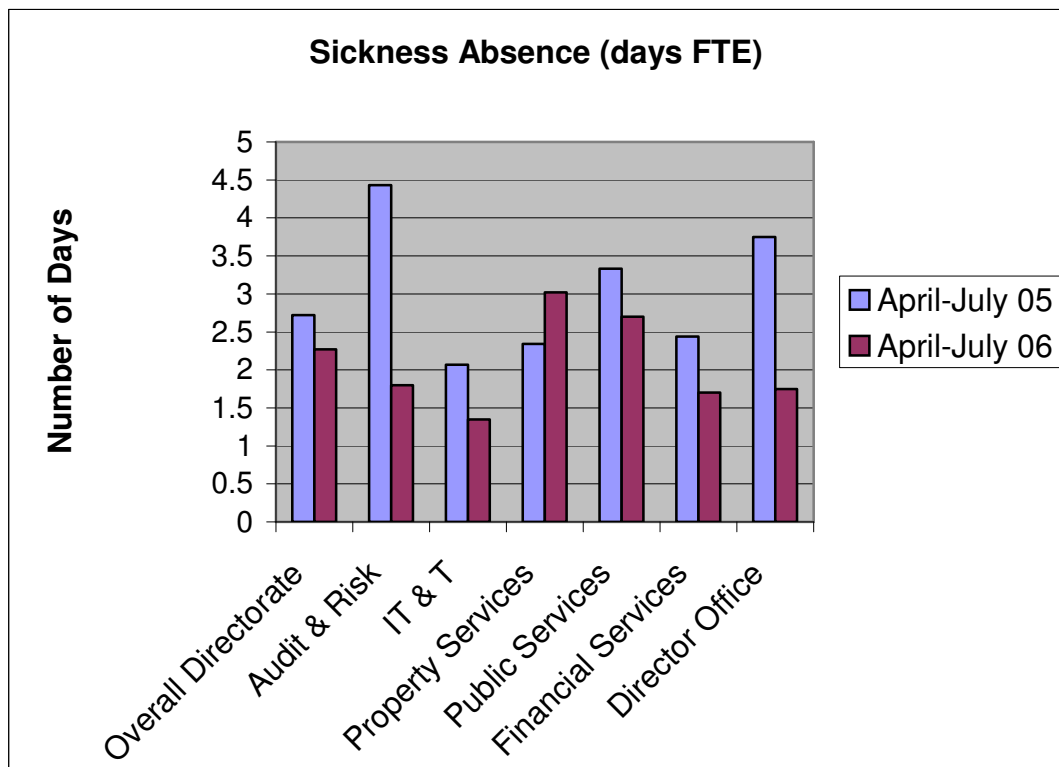
A detailed list of significant variances on Resources budgets is shown in Annex 1. Notes on the Capital Budget are shown in para. 4.7.

3.4 Staffing

- Sickness levels dropped significantly last year, and are now substantially below the Council's corporate target. The outturn figure for 2005/6 fell to 9.46 days (4.15%), significantly better than target. For the first 4 months of the year, the figure is 2.27 FTE (Full Time Equivalent) days. If this performance can be maintained throughout the year, the outturn figure could be under 7 days FTE, substantially better than the corporate target of 11.5 days.
- Long-term sickness has fallen substantially, affecting only Property Services and Public Services divisions as shown below.



- The chart below compares sickness absence in the first monitoring period of 2005/6 with the same period this year. All divisions but one show a significant improvement over last year, so far.
- Only Property Services division shows an increase compared to the same time last year, and this is mainly due to the longer term absence of one officer.



- The directorate had 10.6 staff vacancies, as at 31st July 2006

3.5 Key Achievements from Service Plans

The following items are examples of key achievements from 2006/7 Service Plans so far this year. A fuller progress update against Service Plans will be made available in the Members Library. In future reports, there will be a new reporting format for progress against Service Plans.

- York Customer Centre opened in June 06. Now testing new transactional website.
- Successfully replaced the corporate email system with minimal disruption to the customer base.
- Completed the replacement of the Council's telephone system within the main staff accommodation sites.
- Established the new core ITT infrastructure and telephony systems in Little Stonegate as part of establishing the Council's Contact Centre, which went live in June.
- Continued substantial improvement in Housing and Council Tax Benefit performance. Indicators now at best ever levels.
- Work progressing on Financial Management System replacement, and project team now in place.
- Medium term financial strategy adopted by Executive on 11th June.
- Work on-going to improve scoring against CPA criteria. Use of Resources Action Plan has been developed.

- Gershon framework complete, enabling identification and tracking of efficiency savings.
- Adoption of the Capital Strategy (2006-2011) and CRAM (Capital Resource Allocation Model).
- Closure of accounts completed by 30th June, the earliest this has ever been achieved.
- Successfully resisted the Government's capping proposals.
- Successful achievement of the annual Audit Plan.
- Successfully completed the Review of the Constitution and the preparation of Financial Regulations (including new Procurement Procedure rules) to agreed project timetable. Preliminary judgement of the District Auditor is that the new financial regulations are consistent with a CPA score of 4 (excellent).

3.6 Summary of areas where further work is needed

The outturn report listed a number of areas in which special attention was needed to improve the directorate's performance or accomplishments. Many of these are being successfully addressed, and will be reported more fully in subsequent reports. For this first interim report of 2006/7, the following areas have been identified for attention:-

- BVPI 8 (payment of invoices). Much work is being done with other directorates to improve processes, such that an even better performance can be achieved on this indicator.
- BVPI 9 (Council tax collection). Performance improved from 95.1% last year to 96.1% for 2005/6, but was below the target of 97.7%, and below the unitary top quartile of 97.3%. Service improvements are being made as part of the Public Services Service Plan and easy@york programme.
- BVPI 10 (Non-domestic rate collection- NNDR). Performance improved from 96.74% last year to 96.87% for 2005/6. This was below the target of 97.9%, and below the unitary top quartile of 99.06%. Again, service improvements are being made as part of Public Services Service Plan.
- Need to minimise under-achievement of Procurement savings target, and work is in-hand to review medium term savings programme, to identify if there is any scope for further in-year savings that could be clawed back during 2006/7 to off-set anticipated shortfall. The ability of the team to do this successfully has been hampered in the second quarter of 2006/7 by the long-term sickness of a key member of staff for which there is no back-fill, leaving the team 25% under normal operating capacity and with only limited managerial support. The absence of this member of staff since early July has also made it necessary to re-schedule the work that was on-going to review and develop the Council's corporate procurement strategy, slipping the anticipated conclusion of this work from autumn 2006 to spring 2007. This is undesirable but unavoidable within existing resourcing constraints.

- The management and funding of buildings between being declared surplus and being sold can be complex and prolonged. Budget provision does not currently exist to cover the cost of management, maintenance and security. Work is being done by the Corporate Landlord and Head of Strategic Finance to establish an appropriate funding regime to cover this.
- Further work needed to ensure that the commercial portfolio can operate effectively within a ring-fenced trading account. Consideration to be given to using a “reserve” to carry surpluses and deficits from year to year, to help level out variable expenditure.

4. Budget and Performance in detail:-

4.1 Public Services

4.1.2. Overall, current spending indicates an underspend of £26k. The overspending pressures are a projected under-achievement of Registrar’s income, arising from a reduction in the number of weddings. The underspends arise from a saving of £46k from a projected over-achievement of income due to the Authority, from the Housing Benefit subsidy. We are currently benefiting from 100% subsidy on the Local Authority element of the calculation. Our current performance on accuracy indicates that we will continue to receive 100% subsidy this year, although there is a degree of risk to this, as described in para 3.3 above. Full details are shown in Annex 1.

4.1.3. As mentioned in 3.2, processing new claims for Housing and Council Tax Benefit has shown further significant improvement. The 2004/5 outturn performance was 73.23 days compared to 86 days for 2003/4. The outturn figure for 2005/6 improved still further to 40.22 days. The improving trend is continuing, and at 31st July, performance was 36 days. The target for the year is 34 days, and it looks very likely that this will be achieved. Performance on processing changes in circumstances in respect of Housing and Council Tax Benefit was just above target at 18.87 days in 2004/5, an improvement on the 22 days for 2003/4. Performance on this target slipped back to 27.93 days at outturn, but a substantial improvement has been achieved since then.

Performance is now down to 16 days, which is better than the target for the year of 19 days. Taken together, the improvement in these two figures represents a major achievement for the Public Services division. BVPI 79 has been revised into 3 new parts for this year, and so it is not possible to comment on progress or targets. Annex 3 shows all the figures in detail.

4.1.4 In Local Taxation collection, regular recovery action is taken through the year. At outturn, 96.1% of the Council tax due had been collected, compared to the target of 97.7%. At 31st July, 38.51% of the tax due for this financial year had been collected, slightly more than at the same time last year. At outturn 96.87% of National Non-Domestic Rates due had been collected, compared to the target of 97.9%. This falls into the lower quartile figure for unitary authorities (97.5%). At 31st July, 40.69% of the tax due had been collected,

1.5% more than at the same point last year. In addition significant work is ongoing to ensure that recovery from previous year arrears continues to improve. At 31st July the amount of previous year balances for Council Tax had reduced by £1.28m to £4.54m, as against a projected level of £4.9m. National Non-Domestic Rates has reduced by less than projected due to some large retrospective rating amendments. Prior year balances at 31st July are £4.02m, down by £0.27m on the balance brought forward.

- 4.1.5. Public Services Customer First figures show that overall over 92% of letters were answered within the 10 days Council standard, a marked improvement over the outturn figure, which in turn was far better than the 2004/5 outturn figure of 67.8%. Telephone answering performance has fallen in this reporting period to 73.79%. A more intense recovery strategy has been implemented to ensure that Local Taxation collection rates continue to improve. This has resulted in an increase in the enquiries that the sections receive, which is impacting on performance for this measure. In the short-term the situation will be closely monitored to identify problem areas in call handling. In the medium term, a defined front/back office split will be introduced where calls will be managed by the York Customer Centre. See Annex 4 for all Customer First statistics.
- 4.1.7. The new York Customer Centre currently manages the switchboard and YPAL services, and has already shown significant improvements in the speed of answering calls and the ability for customers to have their calls answered.
- 4.1.8. Customer satisfaction rates remain excellent within the Systems Support & Development Team and high for Revenues and Benefits.
- 4.1.9 At the end of July 2006, the Public Services division has 5.1 FTE vacancies within their establishment.

4.2 Business Management

- 4.2.1. Other divisions of Resources directorate now report performance for two of the teams of the former Business Management division. Business Support Group and Systems Support are now included with Public Services.

4.3 Financial Services

- 4.3.1. Financial Services are underspending, as at 31st July. This is due to several reasons. There is an overspend of £6k, caused by unachievable advertising income target, but this has been offset by one-off additional income recovered in respect of prior year activities. The Financial services element of the delayed spending on the new FMS system is £87k. It is anticipated that this will be a year-end carry forward bid. The net result for Financial services is a £93k underspend, as at 31st July. Further details appear in Annex 1.
- 4.3.2. The Creditors team monitor and report for the whole Council on performance against the invoice processing target of 30 days (BVPI 8). At the end of the year, an outturn performance of 93.08% had been achieved compared to the upper quartile figure for unitary authorities of 92.2%. The team continues to

work closely with other directorates to help improve our overall performance. Our performance at the end of the first 4 months of the year was 92.62%. Further details appear in Annex 3.

4.3.3. Performances against Customer First and staff targets are shown in Annex 4.

4.4 Audit & Risk Management

4.4.1 The Audit & Risk Management division is overspending, as at 31st July. There is an underspend of £14k arising from the delay in filling a staff vacancy, and over-achievement of external income. The main cause of overspending is the under-achievement of procurement savings, mainly due to the way that the target has been set in previous years. Overall, Audit and Risk Management are over-spending by £116k. Annex 1 has full details..

4.4.2. Performance during the past year was very encouraging. All the BVPIs relating to the Audit and Risk management division are monitored annually, and so it is not possible to comment on progress in this report.

4.4.3. Performance against Customer First targets is shown in Annex 4

The Audit & Risk Management division have 5 vacancies within their establishment.

4.5 Information Technology & Telecommunications

4.5.1. ITT are currently showing a substantial underspend of £232k as at 31st July. This is due to delays in the replacement of the Financial Management System. Procurement will take place during the current financial year, but spending is not expected to start until April 2007. The underspend will be used to cover predicted overspends elsewhere in Resources. Full details appear in Annex 1.

4.5.2. ITT maintains a variety of internal statistics, and also has a key local indicator (COLI 71), the availability of Council IT systems. This achieved 99.8% at 2004/5 outturn, and improved still further to 99.92 for 2005/6, exceeding the target again. In the first 4 months of this financial year, it reached 99.99%.

4.5.3. Customer First statistics are shown in Annex 4.

4.5.4. The Information Technology & Telecommunications division have no vacancies within their establishment.

4.6 Property Services

4.6.1. Property Services is overspending by £168k, as at 31st July. There are some small underspends on supplies and services, but significant overspends on rents, maintenance contracts, rent income shortfall, repairs and maintenance. Overall, Property Services division is overspending by £168k. Full details appear in Annex 1.

- 4.6.2 In 2004/5 the Council had achieved 42% accessibility to its public buildings (defined as those to which public has free access to services) – BVPI 156. Members agreed a programme of work for 2005/6 that would, when complete, achieve a target of 75%. At 31st March 2006 performance had risen to 72%. A number of capital schemes are in progress, and when these have been completed, the performance should rise again to 84%.
- 4.6.3. The local indicators relating to Property services are reported annually only, and it is not possible to give progress comments in this report.
- 4.6.4 Performance against Customer First targets is shown in Annex 4.
- 4.6.5 The Property Services division has 2.5 FTE vacancies within their establishment.

4.7 Capital Programme

- 4.7.1. The Resources approved capital programme totals £6,082k.
- 4.7.2. There are 2 schemes to mention in particular.
- a) Admin. Accommodation – As part of the land assembly element of the project, the Council has purchased Dundas Street Ambulance Station for £1.2m. This was slightly more than anticipated but has been more than offset by the sale of related land in Hungate. As a result of the positive progress at this early stage of the project, it has been necessary to reprofile the budget and bring £800k forward from future years to reflect the decision to purchase the ambulance station. The project remains within budget overall.
- b) Holgate Windmill – Initial observation work at the windmill has identified further structural problems that had not been assumed on pricing the work at the Windmill. To undertake remedial works will cost an anticipated £80k. A further report will need to be brought forward to the Executive to provide options on how to progress the scheme.

Full details are shown in Annex 2.

4.8 Progress on Easy@york

- 4.8.1. The [Easy@york](#) Programme met the BVPI 157 target (100% e-enablement of services) during last year, one of only 169 authorities nationally to achieve this. Good progress is being made on the delivery of subsequent phases of the programme. This includes the establishment of the York Customer Centre and the implementation of a new telephone system in June. The overall technical solution has been finalised, service improvement work in YPAL and Planning and Building Control has concluded, and the new processes are now being configured into the Customer Relationship Management system (CRM).
- 4.8.2. YPAL and Switchboard staff moved into the York Customer Centre in Little Stonegate in June, and management has now transferred to the Public Services division. Recruitment was completed in August for the Customer

Service Representatives and system support personnel. Other developments due in late August and September include integration and re-design of GIS systems, introduction of the Consultation System, and introduction of speech recognition for internal calls.

- 4.8.3 Testing will commence in September, the technical build will be complete, the new web-site launched, and training for users will begin. Full details of forthcoming developments are shown in Annex 5.

5. **Conclusions**

Overall, in the first reporting period, most indicators are showing further improvement over the 2005/6 outturn figures, which was a very successful year for the Resources directorate. It is recognised that further work is needed to improve performance and timeliness in a few key service areas.

6. **Consultation**

The report is primarily an information report for Members and therefore no consultation has been undertaken regarding the contents of the report.

7. **Options & Analysis**

The report is primarily an information report for Members and therefore no specific options are provided to Members regarding the contents of the report.

8. **Corporate Objectives**

The report notes progress against several of the Council's corporate priorities and objectives, but contains no proposals which will affect them.

9. **Implications**

- **Financial** – implications are described in the report.
- **Human Resources (HR)** – there are no HR implications other than those included in the report.
- **Equalities** – there are no Equalities issues.
- **Legal** – there are no legal issues.
- **Crime and Disorder** – there are no Crime and Disorder issues
- **Information Technology (IT)** – IT issues are described in the report.
- **Property** – there are no significant property implications in the report, other than those covered specifically in the text.
- **Other** – there are no other implications

10. Risk Management

In compliance with the Councils risk management strategy, there are no risks associated with the recommendations of this report.

11. Recommendations

The Advisory panel is asked to note and comment on the financial and service performance reported and advise the Executive Member to:

- Note the draft financial position
- Note the interim performance achievements and comments.

Reason – In accordance with budgetary and performance monitoring procedures

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



For further information please contact the author of the report

Background Papers:

No background papers are referred to in the report.

Annexes

- Annex 1 – Financial Performance
- Annex 2 – Capital Programme.
- Annex 3 – Best Value Performance Indicators and Local Indicators
- Annex 4 – Customer First and Sickness Absence figures
- Annex 5 – Easy@York

REVENUE BUDGET VARIANCES	ANNEX 1	
<u>Public Services</u>		
<u>Housing & Council Tax Benefits Subsidy</u>	-£46k	0.1%
improving. The two key issues are that the Council's homeless and planning policies are leading to additional costs falling on Housing Benefits as the Government only funds a small proportion of the costs of homeless people placed in higher cost rented accommodation currently circa £104k. This type of accommodation is being used more and more as an alternative to bed and breakfast. On the positive side Local Authority errors are currently being managed within Government targets. If this is achieved then about £150k of additional subsidy will be earned and this is included within the projected		
<u>Registrar</u>	+£20k	7.8%
Anticipated under-achievement of income due to a reduction in the number weddings compared to the last 2 years figures.		
Public Services Total	-£26k	
<u>Financial Services</u>		
<u>Payroll</u>	-£6k	12.8%
Unachievable advertising income target offset by one-off additional income recovered in respect of prior year activities		
<u>FMS Project</u>	-£87k	39.0%
Anticipated project slippage into 2007. It is anticipated that this will be a year end carry forward bid.		
Financial Services total	-£93k	
<u>Audit & Risk Management</u>		
<u>Insurance team</u>	-£14k	14.8%
The underspend relates partly to the delay in filling a vacancy and partly due to the over-achievement of external income.		
<u>Procurement savings</u>	+£130k	94.8%
Anticipated under-achievement of procurement savings is mostly due to the way in which the target has been set in previous years. Work this year has demonstrated that there is a need to write down the target in future years to a more realistic level the properly reflects the scope for future savings on Corporate contracts and the capacity of the of the Corporate Procurement team to deliver a medium term savings programme in future years.		
Audit & Risk Management Total	+£116k	
<u>Information Technology & Telecommunications</u>		
<u>FMS Replacement Project</u>	-£232k	28.5%
Replacement FMS system being procured during this year but spend will not start until April 2007. The underspend of the base budget of £214k will be used to cover predicted overspends elsewhere in Resources in the current year.		
Information Technology & Telecommunications Total	-£232k	
<u>Property Services</u>		
Facilities Management		
<u>Supplies & services</u>	-£7k	9.9%
Minor underspends on subscriptions, photocopying, postages & telephones.		
<u>Income</u>	-£6k	1.5%
Additional capital fee income		
Admin Accom		
<u>Premises</u>	+£45k	2.0%
Overspend on rents payable, maintenance contracts and building cleaning offset by minor underspends in hire & service charges.		
<u>Income</u>	+£26k	1.0%
Vacant space at 20 George Hudson Street shortfall in rent income		

REVENUE BUDGET VARIANCES	ANNEX 1	
Asset & Property Management		
<u>Income</u>	+£16k	2.3%
Shortfall in income due to rating revaluation management , insurance and capital receipts protocol issues.		
Commercial Property Portfolio		
<u>Premises</u>	+£14k	10.9%
Overspend on repairs & maintenance and NNDR due to vacant properties plus minor overspend on the cleaning contract		
<u>Income</u>	+£40k	1.7%
Shortfall on income from fire insurance premiums at Parkside and Kings Court and Commercial rental income due to vacant properties		
Strategic Business & Design		
<u>Consultants</u>	-£10k	0.9%
Overspend on consultants costs on the framework arrangement offset by additional related capital scheme fee income.		
Property Transfer & Disposal		
<u>Supplies & Services</u>	+£50k	100.0%
Assessment of costs not recoverable through the capital receipts protocol		
Property Services Total	+£168k	
DIRECTORATE NET TOTAL	-£67K	

Annex 2 - 2006-07 Capital Programme – Resources

The original gross capital budget approved for the Resources Directorate at Budget Council was £1,974k. At year end slippage of £901k was agreed to transfer into 2006/07 leaving a budget of £2,875k. A sum of £20k was incorrectly included within Resources for a drainage scheme that has transferred to Neighbourhood Services. The original budget stands therefore at £2,855k. In addition this annex now includes 2 further schemes managed by Resources that have not previously been reported to this EMAP (Easy@York and ITT development budget). This now gives a revised total gross expenditure of £5,962k.

SCHEMES	Budget £k	Variance £k	Comments
PROPERTY			
25 Hospital Fields Road	110.0	0.0	
35 Hospital Fields Road	335.0	0.0	
Access Audits/DDA work	444.0	0.0	
Admin Accom	959.0	+800	Since the start of the financial year a significant amount of work has been done to correctly disaggregate and profile the various workstreams that make up the Admin Accom project. As part of the land assembly element of the project the Council has purchased Dundas Street Ambulance Station for £1.2m. This was slightly more than anticipated but has been more than offset by the sale of related land in Hungate. As a result of the positive progress at this early stage of the project it has been necessary to reprofile the budget and bring £800k forward from future years to reflect the decision to purchase the ambulance station. The project remains within budget overall.
Holgate Windmill	25.0	+80	Structural problems plus serious failures in the tower due to poor maintenance have been identified in initial investigations which will result in additional costs. These were not readily apparent until the render was removed. On completion of this health and safety work the lease of the Mill will be completed to the local Preservation Society and the Council's liability will end. The lease is for 15 years with the possibility that the ownership will be transferred to the Society at the end of that period. A report will need to be taken forward to the Executive to determine suitable options for progressing the scheme and any potential additional funding.
James St (Phoenix) Business Park	12.0	0.0	
Preservation of Buildings Repairs Backlog	610.0	0.0	
Preserving Property Assets –Commercial Properties	10.0	0.0	
Property Key Components	250.0	0.0	
Removal of Asbestos	100.0	0.0	
Flood Pump			
Sub-total	2,855.0	+880	
Easy @ York project	2,606.8	0.0	The Easy capital project has been approved by Members in a separate performance report. It is now included in this report order, to reflect the true picture of the capital programme within the Resources capital programme.
IT&T Equipment Purchase	500.0	0.0	As in the previous year the Director of Resources has approval to carry out a quarterly evaluation process to determine the most cost effective funding method for the purchase of IT equipment. This process led to an estimate of £500k for spend on IT equipment, which will be funded from savings made against the traditional leasing budgets held by IT.
Total capital programme	5,961.8	+880	

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ANNEX 3: BEST VALUE AND LOCALLY MONITORED PERFORMANCE INDICATORS - AT JULY 31st 2006

BVPI	DESCRIPTION	Target 2005/6	Outturn 2005/6	Unitary top Quartile	Target 2006/7	At Jul-05	At Jul-06
BVPI 8	% of invoices for goods and services that were paid within 30 days.	95%	93.08%	93.30%	95.00%	93%	92.62% steady
BVPI 9	% of Council tax collected.	97.70%	96.10%	97.30%	97.10%	38.10%	38.51% improving
BVPI 10	% of non-domestic rates received by the Authority	97.90%	96.87%	99.06%	98.40%	39.11%	40.69% improving
BVPI 78a	Housing & Council Tax Benefit - speed of processing new claims.	36 days	40.22 days	33.8 days	34 days	44 days	36 days improving
BVPI 78b	Housing/CTB- speed of processing changed circumstances.	12 days	27.93 days	8.6 days	19 days	29 days	16 days improving
BVPI 79a	Housing/CTB - accuracy of processing new claims.	98.35%	97.00%	98.60%	98.35%	96.80%	96.80% steady
BVPI 157	No. of interactions enabled for electronic delivery as % of those permissible.	100%	100.00%	85.62%	Indicator now deleted	n/a	n/a
BVPI 156	% of buildings open to the public with access for disabled people.	75%	72.00%	51.63%	80.00%	n/a	72% steady
COLI 71	% of time that major IT systems infrastructure is available.	99.20%	99.92%	n/a	99.30%	n/a	99.99% improving

ANNUALLY MONITORED INDICATORS

BVPI	DESCRIPTION	TARGET 2004/5	OUTTURN 2004/5	Unitary top Quartile	OUTTURN 2005/6	TARGET 2005/6	Target 2006/7
BVPI 76	Housing/CTB -fraud strategy in place	yes	yes	yes	yes	yes	yes
BVPI 76a	Housing/CTB - no. of claimants visited per 1000 caseload	411	392.76	262.8	454.27	411	439
BVPI 76b	Housing/CTB - no. of fraud investigators per 1000 caseload	0.34	0.44	n/a	0.51	0.34	0.51
BVPI 76c	Housing/CTB - no. of fraud investigations per 1000 caseload.	35	60.37	44.6	52.7	36	44
BVPI 76d	Housing/CTB - no. of prosecutions/sanctions per 1000 caseload.	3.6	2.13	4.4	5.53	3.7	4.9
BVPI 79b i	Housing/CTB overpayments recovered as % of amount identified for the period.	new	new	new	36.29%	new	40%
BVPI 79b ii	Housing/CTB overpayments recovered as a % of overpayments outstanding at the end of the period.	new	new	new	17.23%	new	25%
BVPI 79b iii	overpayments written off during the period as a % of the total outstanding at the end of the period.	new	new	new	6.19%	new	8%
COLI 51	% target capital receipts received in year	100%	62%	n/a	57%	100%	100%
COLI 52	% of council floorspace vacant for more than 12 months	1.25%	0.10%	n/a	1.60%	n/a	n/a
COLI 67	% of LA buildings needing urgent repairs	12.50%	10.81%	n/a	13.30%	10%	1.25%
COLI 68	Value of outstanding urgent/essential repairs to council buildings.	not set	£16.05m	n/a	£14.97m	n/a	n/a

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Annex4

ANNEX 4: CUSTOMER FIRST AND STAFFING STATISTICS APRIL 2006 - JULY 2006 (inclusive)

	% of letters answered in <10 days	% Visitors seen within 10 minutes	Stage 2 & 3 complaints answered < 10 days	Sickness absence days lost per FTE**	% phone calls answered < 20 secs (1st quarter)	Invoices processed < 30 days	Staff vacancies
Target 2006/7	95%	100%	95%	11.5 days (full year target)	95%	100%	
Outturn							
Directorate 05/06 (2004/5 figs)	88.77% 68.16%	99.40% 94.29%	100% 100%	9.46 days (4.15%) 11.94 days	94.32% 93.91%	97.40% 94.00%	11.5
All Resources	94.25%	99.25%	100%	2.27 days	92.30%	97.09%	10.6
Audit and Risk Management	100%	100%	100%	1.8 days (2.58%)	98.60%	95.58%	5
I.T. & T.	n/a	n/a	n/a	1.35 days(1.94%)	95.25%	98.50%	0
Property Services	n/a	n/a	n/a	3.02 days (7.14%)	92.98%	98.67%	0.5
Public Services	92.14%	99.24%	n/a	2.7 days (3.43%)	75.38% (see para 4.1.5.)	94.21%	5.1
Financial Services	100.00%	100.00%	n/a	1.7 days (2.42%)	98.28%	88.89%	0
Director's office	n/a	n/a	n/a	1.75 days (2.5%)	94.90%	n/a	0

** Full Time Equivalent

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Easy@york - Progress and Developments

√ denotes that this initiative has been completed.

Green denotes that this initiative is on target for completion by the date shown.

Easy@york Programme Highlight report	Schedule
Programme Phase 1b - Establishment of York Customer Centre, Core Technical solution & "to be" processes for YPAL Switchboard and Planning and Building Control, designed and configured into the technical solution.	√
June 06 – YPAL and Switchboard Staff move into York Customer Centre (Little Stonegate) and management transfer to Public Services	√
June 06 – New core IT Infrastructure and Telephony systems available YPAL using IVR	√
July 06 – Overall Solution design finalised	√
August 06 – GIS systems integrated and processes redesigned	Green
August 06 – Recruitment complete (CSR's, system admin, & GIS)	√
August 06 – e-Consultation system in place	Green
August 06 – Implementation of speech recognition for internal calls	Green
October 06 – New web site launched improved graphics/look feel – No integration.	Green
September 06 – Technical build complete all systems	Green
October 06 – User Acceptance testing complete	Green
November 06 – Training rolled out to users	Green
November 06 – Customer standards, and internal service level agreements in place	Green
November 06 – Phone menu introduced into switchboard and made available to the public (subject to CYC management decision)	Green
November 06 – Web site: Further functionality including transactional capabilities available to the general public	Green
December 06 – Phase 1b ready to launch	Green
Programme Phase 1c - Revenues Service "to be" processes configured into the CRM, Revs staff trained and transferred into the YCC	Green
• September 06 – Service Improvement work completes in Revenues	Green
• October 06 – Revenues build complete including interfaces to I-World	Green
• December 06 – Revs user acceptance testing complete	Green
• January 07 – Revenues ready to launch	Green
Programme Phase 1c - Benefits Service LogicaCMG led refresh and build of Benefits into YCC	Green
• April 07 - Benefits CRM design commences	Green
• June 07 – CRM Benefits build complete	Green
• July 07 Life events processes introduced	Green
• August 07 – Bens user acceptance testing complete	Green
• August 07 Management Information end to end measurement in place	Green
• August 07 – Bens "pilot" period completed	Green
(Programme Phase 1d – New corporate INTRANET	Green

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**Executive Member for Corporate Services
and Advisory Panel**12th September 2006

Report of the Director of Resources

**2008 Pension Reforms - Government Proposals for Changes to the
Local Government Pension Scheme****Summary**

1. This report is a response to the Government's consultation on proposals for a new look Local Government Pension Scheme which will come into effect from 1 April 2008. The proposals involve a fundamental review of the benefit structure of the Scheme and the way in which these benefits will be paid for. This report gives a detailed analysis of each of the options and asks the Advisory Panel to recommend that the Executive Member agrees the recommendations on each option detailed in paragraph 48. These recommendations are made to ensure that the Scheme remains affordable to employees, employers and taxpayers and attractive to existing and new members as an important tool in recruitment and retention of staff.

Background

2. The government is consulting Councils over proposed changes to the Local Government Pension Scheme (LGPS) The background to the current consultation is the December 2002 green paper "*Simplicity, security and choice: working and saving for retirement*". This set the context for the Government's "stocktake" of the LGPS, which aims to ensure that the Scheme is: -
 - a) Affordable and viable
 - b) Fair to taxpayers
 - c) Attractive to existing and future members and employers
 - d) Regarded and valued as an integral part of the overall remuneration package
 - e) Able to deliver appropriate defined benefit, index-linked income in retirement
3. The stocktake is undertaken in consultation with trade unions and employer representatives. The first phase resulted in draft regulations increasing the

earliest retirement age from 50 to 55 (excluding ill-health retirements) and the standardisation of retirement at age 65 by removing the 85 year-rule¹. However, after pressure from unions the Office of the Deputy Prime Minister (ODPM) revoked these changes in March 2005.

4. New draft regulations were issued in December 2005. These included a number of non-contentious changes to the Scheme to comply with new Inland Revenue tax rules, effective from 4 April 2006, and the removal of the 85-year rule, with revised transitional arrangements for existing members of the Scheme, effective from 1 October 2006. In addition, members became entitled to increase their tax-free lump sum of 3 times pension to a maximum of 25% of the capital value of their pension. This commutation of pension (i.e. swapping pension for a tax free sum) is based on a rate of 12:1, i.e. for every £1 of pension foregone the employer earns an additional £12 in lump sum payment. The increase in retirement age from 50 to 55 has been dropped but the government is committed to increasing the earliest retirement age to 55 in all public sector schemes by 2010. Despite union opposition and a one-day national strike these regulations became law.
5. With these changes in place the government is now consulting on further changes which will become effective from April 2008. The purpose of these is to ensure that the Scheme remains sustainable and affordable and relevant to the whole of the eligible local government workforce.

Consultation

6. The recommendations contained in this report have been developed through consultation and discussion between relevant officers from the Resources and Chief Executive's directorates. An insight into the Government's reasoning was gained from attendance at a workshop held by the DCLG and the views of other employers within the North Yorkshire Pension Fund (NYPF) were gained at workshops to prepare an overarching response to the consultation on behalf of the NYPF Pensions Fund Committee. The Trades Unions have been consulted at a national level and will be making their own response. A copy of this paper has been circulated to the relevant local representatives and they have been offered the opportunity to discuss the contents of this report prior to this meeting so that their views can be represented here should they wish.

Options

Options for a New-Look Scheme

7. The Government has produced four options for a new-look Scheme: -

Option A: an update of the current final salary scheme, with additional changes

¹ The 85-year rule allows certain employees choosing to retire before age 65 to do so with an unreduced pension. It is based on a member's age plus pensionable service equalling 85 or more. If this rule is not met any pension taken before age 65 will be actuarially reduced to reflect the fact that it is being paid early (excluding pension taken due to ill-health or redundancy).

Option B: a new final salary scheme with an improved accrual rate

Option C: a new career-average scheme

Option D: a new hybrid arrangement based on a career-average scheme with a final salary option

8. In order to make a comparison between the various options the government have calculated a benchmark cost. Each option can then be measured against this. It is important to note that the benchmark cost is not representative of the Scheme as a whole and it only deals with future accrual rates, not past service deficits. The benchmark is the total cost, i.e. employer plus employee contribution rates, and is expressed as a percentage of payroll. One important point is that 50% of the savings achieved from the removal of the 85-year rule and the change to the commutation rules are deemed to be recycled and made available to the new-look scheme.

Benchmark Costs

	<u>Existing Members</u>	<u>New Entrants</u>
Cost of Scheme @ 31 st March 2006	22.2%	19.4%
Cost of Scheme @ 1 st October 2006	20.0%	17.6%
Savings from removal of 85-year rule & increased commutation	2.2%	1.8%

Calculation of Target Benchmark:

Existing Scheme @ 1 st October 2006	20.0%	17.6%
Add back 50% of savings	1.1%	0.9%
Impact of additional protections for 85-year rule	(0.2%)	(0.2%)
Benchmark Cost	20.9%	18.3%

There will be a drift towards the cost for new entrants over time.

9. **Option A: an update of the current final salary scheme, with additional changes**

Core Structure: as the current Scheme, with an accrual rate of 1/80th final salary per year of membership and automatic tax free lump sum of 3/80th of final salary per year of membership

Secondary Benefits: Increased lump sum death in service benefit from 2 to 3 times pay, partner pensions for cohabitees (dependent on overarching legal position) and the introduction of two-tier ill health benefits. The two-tier ill-health benefits are based on a split between permanent and total incapacity and a lesser form of incapacity to work. These are discussed in more detail in paragraph 19.

Benchmark Costs:

	<u>Existing Members</u>	<u>New Entrants</u>
Core Structure:	20.0%	17.6%
Death Benefit:	0.3%	0.2%

Cohabitees Pension	0.2%	0.2%
Two-tier ill health benefits	(1.0%)	(0.7%)
TOTAL COST	19.4%	17.3%

10. **Option B: a new final salary scheme with an improved accrual rate**

Core Structure: retain final salary element but move from 1/80th / 3/80th structure to a 1/60th accrual rate with no automatic lump sum on retirement. The current scheme equates to an accrual rate of 1.55% of salary per annum compared to 1.67% for a 1/60th scheme.

Secondary Benefits: Increased lump sum death in service benefit from 2 to 3 times pay, partner pensions for cohabitees (dependent on overarching legal position) and the introduction of two-tier ill health benefits.

Benchmark Costs:

	<u>Existing Members</u>	<u>New Members</u>
Core Structure:	21.5%	18.9%
Death Benefit:	0.3%	0.2%
Cohabitees Pension	0.3%	0.2%
Two-tier ill health benefits	(1.1%)	(0.8%)
TOTAL COST	20.9%	18.6%

11. **Option C: a new career-average scheme**

Two different career-average options have been proposed.

Core Structure: **C1** – a career-average structure with an accrual rate of 1/54th (1.85% pa) and revaluation on the basis of RPI
C2 – a career-average structure with an accrual rate of 1/61st (1.65% pa) and revaluation on the basis of RPI + 1.5% (an estimate of wage indexation)

Secondary Benefits: Increased lump sum death in service benefit from 2 to 3 times pay, partner pensions for cohabitees (dependent on overarching legal position) and the introduction of two-tier ill health benefits.

Benchmark Costs:

	Option C1		Option C2	
	<u>Existing Members</u>	<u>New Members</u>	<u>Existing Members</u>	<u>New Members</u>
Core Structure:	21.2%	18.3%	21.5%	18.9%
Death Benefit:	0.3%	0.2%	0.3%	0.2%
Cohabitees Pension	0.3%	0.2%	0.3%	0.2%
Two-tier ill health benefits	(1.1%)	(1.0%)	(1.1%)	(0.8%)
TOTAL COST	20.6%	17.7%	20.5%	18.1%

12. **Option D: a new hybrid arrangement based on a career-average scheme with a final salary option**

Core Structure: based on a career-average structure (either C1 or C2) but scheme members would have a one-off choice of making extra contributions to obtain final salary linked benefits. The option to allow members multiple opportunities to switch between schemes is considered too expensive to adopt.

Secondary Benefits: Increased lump sum death in service benefit from 2 to 3 times pay, partner pensions for cohabitants (dependent on overarching legal position) and the introduction of two-tier ill health benefits.

Benchmark costs: Same as options C1 and C2. In addition the final salary linked scheme would cost the employee an additional 3%.

13. The table below compares the benchmark costs for each option.

	<u>Existing</u> <u>Members</u>	<u>New</u> <u>Members</u>
Benchmark	20.9%	18.3%
Option A: updated current scheme	19.4%	17.3%
Option B: final salary scheme with improved accrual rate	20.9%	18.6%
Option C1: career-average scheme (1.85% + RPI)	20.6%	17.7%
Option C2: career average scheme (1.65% + RPI + 1.5%)	20.5%	18.1%
Option D: option C + one-off final salary election		as C + 3%

Flexible and Early Retirement

14. Giving Scheme members the opportunity to wind down towards retirement by gradually reducing working hours and/or responsibility is a key aim of the LGPS reforms. The traditional approach to retirement, with its cliff-edge, no longer meets the needs and expectations of many employees and employers. The Scheme already contains a number of provisions for flexible and early retirements:

- Members can retire at 60 without consent, and from age 50 with employer's consent. Those not meeting the 85-year rule receive actuarially reduced benefits. Under the national scheme those under 60 who retire and meet the 85 year rule cause additional costs for the Council and thus the Council does not generally consent to this. The City of York also has a local scheme variation where consent is automatically granted to anyone aged 58 or over who meets the 85 year rule. This was brought in when redundancy pay was reduced and more equality was introduced between the teachers' scheme and other Council staff. Its aim was to increase flexibility and allow earlier retirement for older members of staff who wished to do so or who were the demands of their job too great.

- Members can take flexible retirement from age 50 with their employer's consent, when reducing either hours or grade. Unless the 85-year rule is met pension benefits will be paid on a reduced basis, with the employer having the discretion to waive the reduction. This rule was introduced in 2006 and, as yet, has not been used.
- Members can continue to accrue service beyond age 65 up to age 75. Pension benefits accrued before age 65 are increased by a cost neutral uplift factor.

15. Possible extensions to these provisions could include:-

- a) allowing members to make extra contributions to offset any reduction in their pension if they wish to retire early
- b) an extension to the earliest flexible retirement age from 60 to 50 – *there is no need to make this change since the Scheme rules already permit this*
- c) removing the requirement for employees to obtain employer consent for flexible retirement
- d) removing the requirement for employees to take a reduction in hours or grade in order to take flexible retirement
- e) increasing benefits accrued after age 65 by a cost neutral uplift factor, when a member elects to take benefits after age 65.

Employee and employer contribution rates

16. The consultation asks for opinions on the future level of employee contribution rates and whether the introduction of tiered contribution rates is an attractive option. The idea behind tiered contribution rates is to provide "equality-proofing". Employees would pay a reduced rate of contributions on pay below a certain cut-off point and then increased contributions above that cut-off. The cut-off could be fixed to the point at which earnings are taxed at the basic rate of tax (22%). In 2006/07 this was set at £7,185 pa. An alternative would be to simply pick a cut off point, which could rise with either inflation or wage inflation, for example £12,000 pa. Any two-tier scheme would need to be structured in order to generate the required average employee rate for the new-look scheme. To set this nationally would not take into account local differences in workforce demographics.

Future cost sharing between employers and employees

17. It is not proposed to move away from the principle of a fixed contribution rate for employees. However, some form of future cost sharing arrangement could be introduced to ensure that the balance between employer and employee contributions remains fair and stable. For example, there could be a built-in requirement for a review of demographic assumptions every second or third tri-

ennial valuation after 2007. This could trigger a review of the employee rate in comparison to the prevailing employer contribution rate.

18. One problem with this approach is that whilst the employee contribution rates are set nationally the scheme is administered locally and the employers' rates are dependent on local approaches to valuation and funding. It would be difficult to set a national employee rate that maintained stable cost sharing across all employers in the scheme.

Two-tier ill health pension provisions

19. There is a separate ill health working group looking into pension provision but the DCLG are also asking for comments here. It is intended the revised arrangement will be in place from 1 April 2007. The current ill health provision is for generally enhanced benefits for life, regardless of future health and employment prospects. The approach here is that it may be more appropriate to differentiate between permanent incapacity for all employment and less severe incapacity, using a two-tier approach:-

- a) **Top Tier** – providing cover for those deemed permanently unfit to perform the duties of their employment and who are unlikely to secure gainful or regular employment again. The Fire-fighters' scheme defines regular employment as being "not less than 30 hpw on average over a 12 month period" but any criteria used here would need to reflect the diversity of the local government workforce. Where an employee satisfied the criteria of permanency benefits would be enhanced by 50% or by prospective service up to age 65. Employers could be given the discretion to award more than a 50% enhancement on compassionate grounds.

- b) **Second Tier** – providing cover for members who cease employment on the grounds of incapacity but who are judged as being capable of undertaking other "regular" employment. These members would receive unreduced pension benefits with no enhancements.

20. The purpose of the review of ill health retirements is to better target benefits to those who need them most. With this in mind, the introduction of a review process could be considered which would adjust entitlement to benefits in accordance with changes in circumstance. This review would be undertaken by scheme employers in conjunction with independent medical advisors. Employers could be given the power to withdraw top-tier enhanced benefits if a person becomes capable of returning to regular employment, replacing them with a pension based on service accrued up to the date of retirement.

21. The DCLG anticipate that 85-95% of ill health retirements will fall into the second tier, receiving immediate payment of unreduced benefits without enhancement. Because these retirees would have a range of incapacities, and therefore re-employment opportunities, one option would be to split the second tier into 4 or 5 different categories offering different levels of benefits. For example, the top layer could receive immediate payment of unenhanced benefits for life whereas the bottom level could be subject to periodic review.

22. The obvious concern with such a system is the complexity surrounding the second tier. If employers are to be responsible for policing such a system it will add another level of administration and cost into the scheme. The propensity for appeals is also likely to increase because the cut-off between levels of incapacity will inevitably be in part subjective. The consultation suggests that there will be cost savings from better targeted awards but the move away from the current requirements for the payment of ill health benefits, which require *permanent* incapacity to fulfil the present role, is likely to result in more, not less, ill health retirements, even if some may only be short to medium term.
23. The reasoning behind the need to review ill health retirements is valid, since there are employees who slip through the net at the moment, in that they receive an enhanced pension and then go on to have a full working life. However, the introduction of a second tier of ill-health with built-in reviews needs to be very clearly defined in order to make it workable. There will inevitably be costs involved in monitoring ill health retirees and by putting this cost on to the employers the DCLG has artificially dampened the cost of the two-tier system.

Existing scheme members in a new-look Scheme

24. It is not the intention to run two separate schemes or that existing members will have different contribution rates to new entrants. All members would accrue service from 1 April 2008 under the new look scheme and would receive benefits on retirement under the new-look scheme A number of options have been put forward on how to calculate the value of the accrued benefits of existing members on retirement:-
 - a) **Option A** – Give all existing members at 31.03.2008 an actuarially equivalent period of service in the new-look scheme, according to a formula to be provided by the Government Actuary's Department. Because future career progression and the date of retirement would not be known some scheme members might benefit more than others and ensuring that no member would lose out would not be cost neutral. This would reduce the funds available for the new-look scheme, making it less attractive.
 - b) **Option B** – Give existing members more credit in the scheme than they would receive under Option A. This would have the same complications as above but would provide extra benefits to members which may smooth the transition to a new-look scheme. However this would further reduce the funding available to a new look scheme.
 - c) **Option C** – Treat all accrued service as a benefit payable on retirement under the terms of the current scheme. Because these benefits have already been funded this is likely to prove cost neutral.

Options A and B are the simplest to administer but the most expensive options. Option C is the most attractive and transparent for existing members but would be complicated to administer.

Scope of employer's discretions

25. Some administering authorities, in the light of better funding positions, have suggested that specific optional scope could be provided for employers. This would allow employers to opt to provide additional benefits over and above the national scheme. However this would dilute the strength of the national scheme in that there would no longer be a standard benefit package.

Analysis

New-Look Scheme

26. The importance of the LGPS in the recruitment and retention of the local government workforce should not be underestimated and any change to the core of the Scheme must be examined in this context. The Government's argument for change is that the structure of the LGPS is no longer relevant to the modern local government workforce with its variety of work patterns involving part-time work and shorter periods of employment and that it is unattractive to lower paid workers. An overarching concern is that the Scheme remains affordable for the employee, employer and tax-payer.
27. **Final salary or career-average?** A final salary scheme is an important tool in the recruitment and retention of staff, especially those with specialised skills and experience and/or the potential to develop. It is also simple in its structure and therefore easy to understand and communicate. Maintaining a final salary scheme will have a minimal impact on administration costs. The final salary scheme remains the cheapest option.
28. The Government's argument for moving to a career-average scheme is that it will better meet the needs of the workforce as a whole with its mix of career grade employees and short-serving, part-time or low paid workers. There seems to be no logical reason to design a scheme to favour part-time workers over full-time employees. Indeed, a proportion of part-time workers have multiple employments which, in effect, make them full-time. Although a career average scheme may be designed to address some issues surrounding low pay such a scheme will provide a lower level of benefits for a significant number of key staff. Career averaging has been shown to lead to salary drift as those at the high end of the salary scale attempt to recover their losses through higher salary demands. A career average scheme will be much more difficult to explain to Scheme members and will be less attractive to a large number of employees in key roles. Such a scheme could affect the recruitment and retention of staff, particularly where there is competition with the private sector (where final salary schemes are now a rarity). On the other hand the current scheme heavily favours career based employment with someone who starts on a low salary, but ends up on a high one making lower overall contributions, but benefiting from a pension based on final salary.

29. The purpose of a pension scheme is to provide its members with benefits in retirement and the current LGPS represents good value for money to its members. Its role is not to address external issues such as low pay. Therefore, the proposal to move to a career average scheme is not supported for the following reasons:-
- a) Whilst potentially improving pension benefits for low paid and short-serving employees it would be detrimental to many longer-serving and career grade employees. It is not the purpose of the Scheme to solve the pensions issues relating to low pay and the means tested State benefits system.
 - b) Career-averaging is difficult to understand and communicate so members will struggle to understand the benefits they would get from the scheme
 - c) The final salary nature of the current Scheme is an important tool in the retention and recruitment of staff, especially at a time when the private sector are moving away from such arrangements
 - d) Other public sector pension schemes have retained their final salary status (teachers, firefighters, police officers and the NHS)
 - e) Retaining the final salary scheme minimises the impact on existing members.
30. Although Options C1 and C2 are both cheaper than the benchmark costs they are not supported for the reasons discussed in Para 29. Option D, the hybrid option with a one-off option for a final salary scheme is also not supported as it is based around a career average scheme. It also asks employees to make a one-off choice at the start of their service when the length, pattern and remuneration of their future work will be unknown.
31. The retention of a final salary scheme is the supported option for the following reasons:
- a) It is a vital tool in the recruitment and retention of staff
 - b) It is simple to understand and transparent
 - c) It will minimise the impact of change for existing members
 - d) It will maintain the same structure as other public sector schemes
32. Option A is essentially a continuation of the current scheme, with additional secondary benefits. It is also the cheapest scheme for both existing and new members. Because of this, and the fact that its retention causes the least impact and because it is clearly understood by existing members, this is the supported option.
33. Option B also retains a final salary structure, with enhanced accrual rates, but without the automatic lump sum. Because of this it is the most expensive of

the four proposals. This option could only be supported if the increased cost was borne by the employees.

34. **Increased death benefits?** The proposal to increase death benefits from 2 to 3 times earnings has been costed at 0.3% (0.2% for new entrants), which seems high considering the low level of deaths in-service experienced in York (there were 3 cases in 2005/06). However, despite this the increase in death benefit is recommended to be supported as a beneficial improvement to the overall Scheme.
35. **Cohabitees' Pensions?** The Council has always stated that it is supportive of the introduction of cohabitees' pensions provided that the additional cost of this to the Scheme does not fall on the employer. This is a significant equalities issue for those who choose not to get married or to have a civil partnership ceremony.

Early and Flexible Retirement

36. The ability to progressively step down from employment rather than the current instant cut-off is an attractive option for both the employer and employee and the LGPS can play a role in this. However, ultimately the LGPS is a pension fund although it can play a role in the management of change so a balance between the two must be struck.
 - a) Allowing members to make extra contributions to offset any reduction in their pension on early retirement is cost neutral to the council and is therefore recommended to be supported
 - b) The Scheme already allows flexible retirement from age 50, with the employer's consent
 - c) Removing the requirement for employer consent for flexible retirement is not supported. Flexible retirement should only take place in the context of a particular service's needs and therefore it is essential that management have control. Additionally, whilst members have protection of service under 85-year rule there are potential costs associated with the flexible retirement of longer serving employees. Therefore, the Council must maintain its discretion in this area. Within York we would seek to retain and operate this discretion centrally to try to ensure equality between its application in different parts of the workforce.
 - d) The removal of the requirement for employees to take a reduction in hours or grade to take flexible retirement is not supported unless the employer retained a discretion in allowing this. This is because, whilst employees have protections under the 85-year rule, there are considerable cost implications to allowing employees to take pension benefits early. If this proposal is adopted the Council may make limited use of its discretion because of these cost implications. Flexible retirement is about helping both the employer and employee in the transition from full employment to total retirement. By removing the requirement for a change in working

circumstances the LGPS will essentially become a savings scheme not a pension fund. Additionally, the reduction in benefits paid early may not be felt whilst an employee is continuing in employment but could be severe after final retirement. Many employees may not be financially astute enough to understand the implications of taking a reduced pension and the employer cannot act as a financial advisor.

- e) The option to increase benefits accrued after age 65 by a cost neutral uplift factor is supported since there is no cost to the employer.

Employee contribution rates

- 37. **Increased employee contribution rates?** The average employee contribution rate needs to be set at a level that redresses the balance between the employee and employer contribution rates which has been eroded over time as benefit improvements have been made to the Scheme. Therefore it is recommended that the employee contribution rate should rise even if the cheapest option, Option A, is chosen. Given the arguments about the Scheme being less affordable for low paid and part-time employees an increase to more than 7% is difficult to justify. This could also be an opportunity to remove the protection for longer service manual workers who currently pay 5% contributions. However, an increase of 2% to 7% may be too much for this group of essentially lower paid workers. Therefore, employee contributions could either increase to 7%, with 6% for protected employees, or to an average of between 6% and 7% for all employees.
- 38. **Tiered contribution rates?** The introduction of different contribution rates dependent on earnings would be highly divisive and higher paid workers would view this as subsidising the pension benefits of lower paid workers. Ultimately, such an arrangement could lead to salary drift. There is no evidence that a lower contribution rate would encourage part-time female staff, who are currently the main group of staff who are not members, to join the Scheme. There may also be sex discrimination and equal pay issues with tiered contributions as it would mainly be men who fell into the higher bands and older employees tend to earn more as they rise up the grade and salary scale.
- 39. In addition, this would create additional burdens for the administering body especially where an employee has multiple employments, possibly with more than one local government employer. For these reasons it is recommended that tiered contribution rates are not supported.

Future cost sharing

- 40. The employee contribution rate is set nationally but the employer contribution rate is dependent on the demographics and actuarial assumptions of locally administered funds. It would therefore be difficult to continually reset the employee rate whilst maintaining stable cost sharing across all the employers in the Scheme. For this reason, it is recommended that a review of contribution rates should only occur when fundamental changes to the Scheme benefits are made.

Two-tier ill health pension provisions

41. The current qualifying criteria for ill health retirements are very stringent and do not always cater for those employees who are unable to continue at work in the present but for whom the long term medical prognosis is unclear. Therefore, a review of ill health retirement provision is welcome if it allows the Council to deal more efficiently with long-term sickness. However, there are some reservations regarding the operation of any revised arrangements:-
- a) The suggested enhancement within the top-tier ill health benefits is based on an enhancement of 50% of prospective service up to age 65. Therefore, a 35 year old with 10 years service would receive an additional 15 years enhancement, giving total pensionable service of 25 years. However, a 55 year old with 10 years service would only receive 5 years of enhancement, giving a total 15 years. This mechanism is clearly unfair. There seems no valid reason why the current enhancement of up to 6 2/3rds added years, based on length of service, cannot be continued.
 - b) It is suggested that a periodic review, by the employer, be undertaken for all second-tier ill health retirements. No mechanism has been suggested as to how this would work in practice (e.g. how does a local authority go about tracking down its ill-health retirees), no mention is made of who will bear the cost of the additional medical opinion (i.e. the employer or the employee) and no mention is made of any appeals process if the employer or employee want to challenge the review. The costs to the employer from the administration of such a system have not been quantified but it is possible that the costs will not be justified by the potential savings from the reduction in benefits which could result from the periodic review of second-tier ill-health retirements.
 - c) The option to have multiple tiers beneath the top-tier is not acceptable since it would require subjective judgements on the effect of a wide range of disabilities and illnesses. Once again, the increase in administration, appeals and costs make this unattractive.
 - d) The costings given by the Government suggest that a two-tier system will create savings within the Scheme as a whole but it may prove more expensive for this Council. Under the current stringent rules York had 12 ill health retirements in 2005/06, compared to the actuary's assumption of 32. By broadening the criteria under which ill-health retirement can be awarded, the top-tier may reduce from 12 but the second tier is likely to attract more retirements, even if they are not permanent.

Existing Scheme members in a new-look Scheme

42. The fairest way to treat existing members on transfer to the new-look Scheme is to treat all pensionable service accrued up to 31 March 2008 as a benefit to be paid under the terms of the current Scheme. This is the most transparent method and gives existing members the assurance that their benefits have

been protected in the change. Because of the assumption that these benefits have already been funded this is the only cost neutral option. Therefore, Option C is recommended to be supported.

Scope of employers' discretions

43. Some employers have requested an increase in the number of discretions they have within the Scheme, particularly in relation to the award of additional benefits. Whilst discretions of this type can be an aid in the management of change, there already exist within the Scheme a range of employer discretions suitable for this purpose. It should be remembered that the strength of the LGPS is that it is a national Scheme with a standardised set of benefits. It is this transparency and simplicity which is one of its strengths. Therefore, the option to increase discretions within the Scheme is not supported.

Corporate Priorities

44. The subject matter of this report does not directly relate to any of the Council's corporate priorities.

Implications

45.
 - **Financial**

It is important that the options chosen do not create an additional burden on the employer of tax-payer. The opportunity should be taken to redress the balance of cost sharing between the employee and employer which has drifted over time as Scheme benefits and member longevity have improved. Any increase in the cost to the employer will create ongoing budget pressures, although these are difficult to quantify since the Scheme is administered locally and so each employer has a different funding position dependent on local demographics and investment decision. York's current total contribution rate, ignoring the pension deficit, is made up of 10.4% employer contributions and 6% employee contribution rate. This total of 16.6% is well below the 20.9% benchmark cost quoted in the consultation. However, the North Yorkshire Pension Fund's actuary has not attempted to provide costs based on the proposals because of the time and cost involved.
 - **Human Resources (HR)**

The HR implications associated with the consultation options are contained in the body of the report. However in addition to the specific questions asked there are a number of other issues which should be raised as part of the Council's response to the consultation.

As has already been demonstrated, any changes to the LGPS are likely to be met with considerable hostility by staff and trade unions who remain fundamentally opposed to any detrimental changes to Local Government pension arrangements. Whilst the need for the LGPS to reform is undeniable, it is essential the Local Government retains an attractive

pension scheme in order that it is able to compete in the jobs market. Likewise it is essential that the review of the LGPS is co-ordinated with reviews of other public sector schemes in order that Local Government remains competitive in comparison to other areas of the public sector.

It is also essential that the rationale and basis for any changes are fully explained and properly communicated to existing members and their representatives in order to reduce the risk of further industrial action on this matter. Whilst this would be a national dispute it would have a significant local impact and it is therefore important that the Council makes its view on the nature of the changes clear and also the method in which they are carried out.

The consultation options themselves present the Council with an opportunity to shape the reform of the LGPS and to move towards a scheme which can be used to effectively and efficiently manage within the organisation. For these reasons, as a general rule, the Council should be supporting those options which would bring increased flexibility to the revised scheme, with as many local discretions as possible within the overall scope of a national scheme with a standardised set of benefits. This would give the benefit of increased choice for the employee whilst also providing the Council with the ability to manage the cost of change through the use of its local discretions. However, any discretions the Council would have should be centrally operated to ensure equality and to reduce the chance of claims of unfairness in their application. Any increase in the employer discretions also increases the potential for employer costs and the Council may opt to make very limited use of many of them, as it does now with the discretion to award added years, for example.

- **Equalities**
There are no Equalities issues.
- **Legal**
There are no Legal issues.
- **Crime and Disorder**
There are no Crime and Disorder issues
- **Information Technology (IT)**
There are no Information Technology issues
- **Property**
There are no Property Issues
- **Other**
There are no Other issues

Risk Management

46. The risks involved in the adoption of a new-look pension scheme are two-fold:-
- (i) There is a risk that the chosen option for a new scheme will be more expensive than the current scheme and that some of this additional cost will fall on the employer. This would put pressure on budgets and possibly result in the tax payer bearing this cost.
 - (ii) There is a risk that the chosen option could result in a scheme which is unattractive to existing and potential employees. This could impact on recruitment and retention of employees.
 - (iii) There is a risk that any increase in the level of employee contribution rates would result in compensatory pay demands which will put pressure on budgets.
47. The Council cannot directly control the identified risks since the final decision is outside the Council's remit. However, it can exert some influence by responding to the Government consultation in such a way that addresses the risks associated with the decision to alter the Pension Scheme.

Recommendations

48. That the Advisory Panel advise that the Executive Member gives delegated authority to the Director of Resources to respond to the consultation supporting:-
- 1. the continuation of a final salary pension scheme under Option A (paragraph 9 – effectively a continuation of the current Scheme).

Reason: This is an important aid in the recruitment and retention of the workforce.
 - 2. the increase in death benefit from 2 to 3 years pay.

Reason: This is a beneficial improvement to the overall scheme and the increase in costs is likely to be negligible, given the low level of in-service deaths in York.
 - 3. the introduction of cohabittees' pensions.

Reason: This is a significant equalities issue for those who choose not to marry or enter a civil partnership and the Council has always been supportive of its introduction.
 - 4. the increase in employee contribution rates to between 6 – 7%.

Reason: Although this is likely to be resisted by employees' representatives it is important that the balance between employee and employer contribution rates be redressed. If the LGPS is to be sustainable the taxpayer must be protected from the increased cost of pension

provision due to increased longevity and the only way to do this is to ask the employee to contribute more.

5. a single contribution rate for all employees.

Reason: Tiered contribution rates are not supported on discrimination grounds and the divisive impact they would have.

6. the review of ill-health retirements.

Reason: Although there are some reservations about the operation of the revised arrangements in the consultation, the principal of two-tier ill health benefits is welcome because it should allow the Council to deal more efficiently with long-term sickness.

7. Option C as the best means of transferring existing members into the new-look scheme.

Reason: This would treat all pensionable service accrued up to March 2008 as a benefit to be paid under the terms of the current Scheme. This is a transparent and cost neutral option.

8. no extension to employer discretions.

Reason: It is important that the Scheme remains standardised at a national level and there already exist within the Scheme a range of employer discretions which allow for local flexibility.

9. the overall context of early and flexible retirement.

Reason: This is an important tool in the management of change. However, the Council, as the employer would wish to maintain some control over the exercise of flexible and early retirement and does not wish to see the employee alone being able to opt to act in this way.

10. the idea that future reviews of the employee contribution rate should only occur when fundamental changes to Scheme benefits are made.

Reason: This is necessary to ensure that a stable cost sharing is maintained for all employers in the Scheme.

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Date 1/9/06

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

All



For further information please contact the author of the report

Background Papers: None

Annexes: None



**Meeting of the Executive Member for
Corporate Services and Advisory Panel**

12th September 2006

Report of the Director of Resources

UPDATE ON EFFICIENCY SAVINGS

Summary

1. This report is for information only and gives an update on progress against the Gershon efficiency targets in the light of: -
 - a) the 2005/06 out-turn (backward look)
 - b) the 2006/07 forecast of efficiencies (forward look)

Background

2. The Gershon efficiency agenda is a 3-year national programme aimed at delivering £6.45 billion of savings within local government. These savings are then in theory available for investment in front-line services, although in fact are needed to balance budgets and to try to minimise Council Tax rises. Each local authority has been challenged to achieve 2.5% savings per annum from a base-line figure set in 2004/05. The base-line excludes education expenditure which is subject to separate targets within the DfES.
3. At least half of the efficiencies must be *cashable*, i.e. there is a real monetary saving which can be redirected elsewhere by the council. The remainder may be *non-cashable*, i.e. savings will not arise because of lower costs but because of improved performance:- e.g. improved sickness absence rates result in a more productive workforce. Efficiencies must be on-going for the 3-year period of the programme, i.e. until 2007/08.

Consultation

4. This section is not applicable to the report.

Options

5. This report is for information only and members are not asked to take a decision.

Analysis

Progress against the 2005/06 target

6. The 2005/06 efficiency target for York was set at £2.587m, at least half of which had to be cashable savings. In recognition of the fact that local authorities were already embracing efficiencies in order to balance budgets, the government allowed councils to identify 2004/05 efficiencies to count towards the 2005/06 target.
7. The introduction of the Gershon efficiency agenda was somewhat rushed and detailed guidelines from government on what constituted efficiencies only became available shortly before the deadlines for the submission of the draft 2005/06 savings. Because of this, our approach to the 2005/06 target was to review the savings which had been accepted as part of the 2004/05 and 2005/06 budgets. Each of these savings was assessed against the criteria given by the government to identify efficiencies and those which resulted in a cut or deterioration in service were excluded. The 2004/05 efficiencies were then circulated to the relevant Departments to confirm whether they had actually been achieved at the year-end.
8. The 2004/05 efficiencies were submitted to government in the 2004/05 Backward Looking Efficiency Statement. The process for the 2005/06 efficiencies was to submit a summarised Forward Look at the start of the year, a mid-year update and a detailed Backward Looking Statement after the 2005/06 out-turn.
9. The Backward Looking Statement must offer proof that the savings identified have resulted in efficiencies and are not simply cuts in service. This is done by linking each efficiency saving to a variety of performance indicators which show a year on year improvement, or at least no deterioration.
10. In addition to the cashable efficiencies identified above, improving performance indicators were also used to identify non-cashable efficiencies, against each of which a monetary value was calculated. Non-cashable efficiencies included:-
 - a) improved sickness absence
 - b) increases in the speed of processing of new Housing Benefit and Council Tax Benefit claims
 - c) increases in recycling activity which resulted in the avoidance of fines for exceeding landfill allowances
11. At the end of 2005/06 the Council's progress against target was:-

	<u>£'000</u>
2005/06 Target	2,587
2004/05 Backward Look	1,023
2005/06 Backward Look	<u>3,842</u>
Total 2005/06 Efficiencies	4,865

Over Target by **2,278**
The total of £4,865k was split between:

	<u>£'000</u>
Cashable Efficiencies	3,589
Non-Cashable Efficiencies	1,276

12. The 2005/06 Backward Looking Statement still needs to be audited by external auditors. It is not yet clear whether this will be a light touch looking at the process, or a more detailed investigation of the actual efficiencies claimed.

Progress towards the 2006/07 Target

13. The 2006/07 target has been updated in the light of the 2004/05 out-turn and other amendments to the calculation. York's target for the following 2 years is now £2,935k per annum.
14. Once again the starting point for the process was a review of the savings offered during the 2006/07 budget rounds. These will be updated at mid-year and finalised after the 2006/07 out-turn. The initial submission identified the following:-

	<u>£'000</u>
2006/07 Target	2,935
2006/07 Cashable Efficiencies	3,055
2006/07 Non-Cashable Efficiencies	<u>1,198</u>
Total 2006/07 Efficiencies	4,253
Over Target by	1,318

Cumulative Progress towards 3-Year Target

- 15.
- | <u>£'000</u> | <u>2005/06</u> | <u>2006/07</u> | <u>2007/08</u> |
|---|-----------------------|-----------------------|-----------------------|
| Annual Target | 2,587 | 2,935 | 2,935 |
| Cumulative Target | 2,587 | 5,522 | 8,457 |
| 2004/05 Backward Look | 1,023 | 1,023 | 1,023 |
| 2005/06 Backward Look | 3,842 | 3,842 | 3,842 |
| 2006/07 Forward Look | | 4,253 | 4,253 |
| 2007/08 Estimate | | | 1,000 |
| Cumulative Efficiencies Achieved | 4,865 | 9,118 | 10,118 |
| Over Target by | 2,278 | 3,596 | 1,661 |

16. It is possible that some of the efficiencies we have claimed as ongoing may drop out, e.g. we could suffer a reversal on the currently improving sickness

absence rates. However, the forecast position at the end of 2006/07 shows a £3.6m over achievement compared to target which gives a good cushion against such eventualities. Even with a very conservative estimate of possible 2007/08 efficiencies we should exceed our overall target. In fact, The City of York Council will almost certainly have achieved its entire 3 year Efficiency Target by March 2007, a full year early.

The Efficiency Review Programme

17. The Council is working towards a more formalised and structured way of managing the efficiency agenda. A three to five year programme of efficiency reviews is currently being compiled and will be brought before members when complete. It is hoped that having a managed programme will mean efficiencies and related cashable savings will contribute to the annual budget target, maintaining a good CPA score and also achieving any future efficiency targets that may be set.
18. It is understood that the Government is currently considering the role of the efficiency agenda as part of the Comprehensive Spending Review which will be announced in Summer 2007. It is known that the efficiency agenda will continue at least up to 2011 but at this stage the % targets are not known, although there have been strong rumours that they may increase. Members will be informed when any announcements are made.

Corporate Priorities

19. The Gershon Efficiency Agenda plays an important role in achieving the corporate priority of improving our organisational effectiveness, specifically
 - Improve our focus on the needs of customers and residents in designing and providing services
 - Improve the way the Council and its partners work together to deliver better services for the people who live in York
 - Improve efficiency and reduce waste to free-up more resources.

The Council's new organisational effectiveness programme includes 13 improvement statements of which a key one is efficiency. The Director of Resources has been made the Council's efficiency champion and is developing an improvement statement in which the process and programme for achieving efficiency targets and greater staff awareness will feature prominently.

Implications

- **Financial**
Failure to achieve the Gershon Efficiency Targets could have a detrimental effect on York's Comprehensive Performance Assessment for Use of Resources and on its budgetary position.

- **Human Resources (HR)**
There are no implications
- **Equalities**
There are no implications
- **Legal**
There are no implications
- **Crime and Disorder**
There are no implications
- **Information Technology (IT)**
There are no implications
- **Property**
There are no implications
- **Other**
There are no implications

Risk Management

20. Because this report is for information only, there are no risks attached to any decision to be made. There is a risk associated with the non-achievement of York's efficiency target, namely the potential for a detrimental score in the council's CPA for Use of Resources. To avoid this it is essential that the council continues to pursue efficiencies and can clearly show how they are captured and measured.

Recommendations

21. Members are asked to recommend that the Executive Member: -
 - a) Notes the progress against the efficiency targets
 - b) Notes that the Council is expecting to achieve its government set efficiency target one year early.

Reason: For information.

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Report Approved

Date *1/9/06*

Specialist Implications Officer(s) None

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

All

For further information please contact the author of the report

Background Papers

None

Annexes

None



Meeting of Executive Member for Corporate Services and Advisory Panel

12th September 2006

Report of the *Corporate Landlord*

DDA (Disability Discrimination Act) performance update

Summary

1. This report provides Members with an update on the Council's response to the requirements of the Disability Discrimination Act (DDA).

Background

Responding to the DDA

2. The Council has responded in the last three years by expending capital funds (£650k) to target those buildings covered by the BVPI 156. ('Buildings with disabled access'; buildings considered within the definition of BVPI 156 are those requiring disabled access to comply with the Act in terms of providing rights of access to everyday services that others take for granted. It does not include those operational properties that do not provide a customer facing service. It does not include those properties that form the commercial portfolio.)
3. The £650k investment has taken the BVPI 156 from 13% in 2003 to 72% in 2006 and placed the City of York Council in the upper quartile for local authorities.

Year	BVPI (actual)	BVPI (CYC target)
2003	13%	
2004	30%	
2005	42%	50%
2006	72%	75%
2007	84% (est)	80%
2008		85%

4. Annex A identifies the status of the 58 properties, to which BVPI 156 applies. The schedule shows the position at the end of 2004/5, the result of investment in 2005/6 and the expected position following investment in the current financial year.
5. At the end of this financial year only 7 properties will not meet DDA requirements - 3 of them are subject to a review that may result in disposal. Annex B outlines the strategy for each of the properties currently not compliant.
6. In 2006/7 and future years expenditure is included in a budget for 'Health & Safety and DDA requirements' and has been set at £200k per annum. Some premises will benefit from significant capital projects that provide new fully accessible facilities (e.g. Huntington Youth Centre is part of a £4.5m investment in school and community facilities)
7. The buildings that do not yet comply with the DDA legislation fall into one or more of the following categories:
 - a. Those that are constrained by their historic status as listed buildings – in these cases the council invests in what is possible but the building may never comply fully. However, as with St Leonard's the council has ensured that all public spaces are accessible.
 - b. Those that are constrained by physical location, planning and construction – investment within constraints without being able to fully comply e.g. Yearsley Pool
 - c. Those that have been delayed because of pending reviews or future capital investment within a reasonable timescale
 - d. Those that are surplus and to be disposed of through sale or demolition in the near future.
8. The strategy approved by members, in July 2005, for future investment to meet DDA requirements is as follows: Before prioritising, programming and committing to any of the work identified consideration needs to be given to the following:
 - a. Is the service being reviewed and does the service intend to continue its operation from this building in the future?
 - b. Does the service intend to continue to serve the public on a face to face basis from this building; i.e. does the building still fall within the definition above?
 - c. Is the council planning to retain this building for future uses that fall within the definition above?
 - d. If the building has been earmarked for disposal at some time in the future is there a cost effective benefit in undertaking the works necessary to make that building accessible in the short term? In some cases to invest significant sums of money in providing a lift to a building we don't need in the future may not be appropriate. The solution may be to change the

method of service delivery for the remaining time of occupation and avoid the need for the public to access anything above ground floor.

- e. Are any other building works planned for this building in the near future with which this work could be coordinated, making the works more cost effective and limiting the disruption to services and customers?
- f. Will undertaking this work conflict with the management of asbestos or any other Healthy & Safety issue within the building? This may lead to abnormal costs being added to the works.
- g. Will the work be in conflict with the heritage of the building, require planning approval or listed building consent?
- h. Has appropriate consultation taken place with the premises manager to ensure that disruption is limited and that the work is programmed at an agreed and workable time for the service and customers?
- i. Has appropriate consultation taken place with DPAG (Disabled Persons' Advisory Group) to ensure that they are happy with our approach?. This is done as a matter of course at regular meetings between Property Services staff and DPAG representatives.

Consultation

- 9. Consultation has taken place with premises managers on projects where significant investment is proposed to minimise disruption and coordinate spend on a property. DDA works have resulted from discussions with premises managers and DPAG

Options/Analysis

- 10. There are no options for member consideration.

Corporative Objectives/Priorities

- 11. Take pride in the city, by improving quality and sustainability, creating a clean and safe environment
- 12. Ensure that all council services are accessible and inclusive, and build strong, proud local communities
- 13. IS 3 - Improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible spaces

Implications

- 14. **Financial** – There are no financial implications from this report.
- 15. **Human Resources (HR)** – There are no HR implications from this report.

16. **Equalities** – Issues of equality of opportunity to access public services are integral to this report and the works being done to meet our DDA responsibilities and to improve our BVPI 156 score.
17. **Legal** – There are no legal obligations from this report, though it should be noted that in meeting our obligations with respect to DDA the council is minimising the risk of being challenged, in the courts, for non – compliance.
18. **Crime and Disorder** – There are no crime and disorder implications from this report
19. **Information Technology (IT)** – There are no IT implications from this report.
20. **Property** – Property Implications are contained within the body of the report

Risk Management

21. There are no risks resulting from this report or the recommendations being made. However, risk does exist for the authority in not meeting its obligations under the Disability Discrimination Act. That risk has been significantly reduced by the investment made over the last three years and the strategy adopted by members in moving it forward.

Recommendations

22. That the Advisory Panel advise the Executive Member to:

Acknowledge the Council's response to the requirements of the Disability Discrimination Act (DDA).

Reason: To inform Members of the Council's performance relative to BVPI 156.

Contact Details

Author:
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AD: Head of Property
Services
Tel No.553312

Chief Officer Responsible for the report:
Simon Wiles
Director of Resources

Report Approved **Date** *30/8/06*

Specialist Implications Officer(s) None

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

All

For further information please contact the author of the report

Background Papers:

Report to the Resources Executive Member and Advisory Panel 18 July 2005 – Strategy for achieving accessibility targets for council buildings.

Annexes

Annex A – List of all properties considered and contributing to BVPI 156

Annex B – List of properties not yet complying with DDA and the actions proposed

Annex A - BVPI calculation

Property UPRN	Property Address	Position 2004 - 5 Accessible	Programme 2005 - 6 Accessible	Programme 2006 - 7 Accessible
<u>Libraries</u>				
1257	Acomb	N	N	Y
1210	Bishophorpe	N	Y	Y
1252	Clifton	Y	Y	Y
1217	Copmanthorpe	N	Y	Y
1255	Dringhouses	Y	Y	Y
1212	Dunnington	Y	Y	Y
1211	Fulford	N	Y	Y
1253	Haxby	Y	Y	Y
1254	Huntington	N	Y	Y
1214	New Earswick	N	Y	Y
1256	Poppleton	N	Y	Y
1202	Strensall	Y	Y	Y
1215	Tang Hall	N	Y	Y
1216	Central	N	Y	Y
		5	13	14
<u>Swimming Pools</u>				
1072	Edmund Wilson	N	N	N Fully accessible Gym at Edmund
176	Yearsley	N	N	N Wilson; WC and hoist installed at Yearsley
		0	0	0
<u>Community Centres</u>				
168	Bell Farm	Y	Y	Y
193	Burton Stone	N	Y	Y
1477	Foxwood	Y	Y	Y
1476	Tang Hall	Y	Y	Y
		3	4	4
<u>Training Centres</u>				
1315	Hebden Rise	N	DISPOSAL	DISPOSAL
1325	Yearsley Bridge	N	N	N Facility to close limited work only
1322	Yorkcraft	N	Y	Y
		0	1	1
<u>Park and Ride</u>				
925	Askham Bar	Y	Y	Y
217	Grimston Bar	Y	Y	Y
1529	Rawcliffe Bar	Y	Y	Y
	Monk's Cross		Y	Y
		3	4	4

EPH

1261	Fordlands Rd	N	Y	Y
1262	Grove House	Y	Y	Y
1264	Haxby Hall	N	N	Y
1260	Morrell House	Y	Y	Y
1266	Oakhaven	N	Y	Y
1259	Oliver House	Y	Y	Y
1263	Willow House	Y	Y	Y
1268	Windsor House	N	N	Y
1267	Woolnough House	N	Y	Y
		4	7	9

Admin Accom

1223	Ashbank	N	Y	All of these buildings will be affected by the administrative Y accommodation review. Current Y proposals include the long-term Y retention of the Guildhall, St Y Anthony's House and 50 York Y Road. New accommodation will Y not be available until 2009 and Y therefore for the benefit of Y customers a reasonable amount Y of work will be undertaken in Y these premises to meet DDA requirements.
1430	Blake St	Y	Y	
432	St Leonards	N	Y	
1453	10/12 GHS	Y	Y	
1434	20 GHS	N	Y	
1555	50 York Road	Y	Y	
429	Guildhall	N	Y	
1313	Hollycroft	Y	Y	
1540	Mill House	Y	Y	
1556	St Anthony's House	Y	Y	
		6	10	10

Care/Day Centres

1307	Glen	N	N	Huntington Road has a limited future and is likely to close following a review of care services.
1489	Horseshoe House	N	N	
1324	Huntington Road	N	N	
		0	0	1

Youth Centres

1280	Burnholme	Y	Y	Following the outcome of the youth service review decisions have been made regarding the future of these buildings, works have been identified and programmed for this year at Melbourne, Moor Lane and Poppleton
1278	Fulford	Y	Y	
1279	Haxby	Y	Y	
1283	Huntington	N	N	
1228	Melbourne St	N	N	
1284	Moor Lane	N	N	
1286	Poppleton	N	N	
1276	Water Lane	N	N	
1285	68 Centre	N	N	
		3	3	
57		24	42	49
58		42%	72%	84%
58				

Annex B - List of properties not yet complying with DDA and the actions proposed

Property	Service	Status and proposals
Acomb Library	Library Services	DDA works now part of capital project to create the new Acomb Library Learning Centre that will be fully accessible on completion
Edmund Wilson Pool	Leisure Services	The subject of a report in October 2006 regarding its future refurbishment or relocation. Some short term investment made to improve facilities including the new fully accessible gymnasium
Yearsley Pool	Leisure Services	WC and hoist installed to improve facilities. Will not comply fully without significant investment. Current investment proposals are to maintain the fabric of the building.
Yearsley Bridge Training Centre	Adult Social Services	Subject to review of care services only limited investment at this time.
Haxby Hall EPH	Adult Social Services	Works to be done in 2006/7 to make the building comply
Windsor House EPH	Adult Social Services	Works on going as part of capital project, will comply on completion.
Glen Day Centre	Adult Social Services	Works planned for future years subject to agreement with premises manager and service.
Horseshoe House Day Centre	Adult Social Services	Works to be done in 2006/7 to make the building comply
Huntington Road Day Centre	Adult Social Services	Subject to review of care services only limited investment at this time.
Huntington Youth Centre	Youth Services	New facilities being constructed as part of the Huntington School capital project, to be completed in March/April 2007
Water Lane	Youth Services	Works planned for future years subject to agreement with premises manager and service.
68 Centre	Youth Services	Works planned for future years subject to agreement with premises manager and service.

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***Executive Member for Corporate Services
and Advisory Panel***

12th September 2006

Report of the Director of Resources

***NATIONAL NON-DOMESTIC RATES/SUNDRY
DEBTORS/COUNCIL TAX AND OVERPAID HOUSING BENEFIT
ACCOUNTS SUBMITTED FOR WRITE-OFF***

Summary

1. This report asks for Member approval to write-off irrecoverable accounts each one over £2,000 in value, for National Non-Domestic Rates (Annex A), Sundry Debtors (Annex B) and Housing Benefit Overpayments (Annex C) as per the attached Schedules.
2. The report provides details of the value of other irrecoverable accounts under £2,000 that have been written off under delegated authority in the current financial year. These accounts are for NNDR, Sundry Debts, Council Tax and Housing Benefit Overpayments.
3. This is the first submission of write-offs for 2006/07 by the Director of Resources, in line with arrangements to report on a regular basis, in order to keep accounts more up to date. The Executive Member for Resources approved the last report on 20th March 2006.
4. Cases where the debt is under £2,000 have been written off under the delegated authority given to the Head of Finance, debts identified as irrecoverable this year are as follows (amounts rounded). The 'year to date' figures refer to amounts written off under delegated authority since April 2006.

Fund	Year to Date £	This submission (Cases under £2000)	This submission (Cases over £2000)	Total in 05/06 £	Value of Bills Raised in 2005/06 £
National Non-Domestic Rates	1,364	1,364	182,656	184,020	75.9m
Sundry Debtors	15,919	15,919	23,693	39,612	26.4m

Council Tax	98,390	98,390	nil	98,390	69.8m
Overpaid Housing Benefit	27,927	27,927	21,951	49,879	0.36m
Overall Total	143,600	143,600	228,300	371,901	172.46m

Background

- 5 Since April 1990 the rates levied on all non-domestic properties have been set nationally and all monies collected are paid into the National Pool.
- 6 The amounts written-off for NNDR are offset against contributions to the Pool and, as such, all sums written off are met by Central Government rather than by local Council Tax payers.
- 7 Sundry Debtor charges are raised for goods and services that have been provided by the individual departments within the Authority. These charges include such services as commercial waste collection, shop rents, works carried out by DLO, housing repairs, homecare and warden call.
- 8 Housing Benefit overpayments occur when a customer receives more benefit than they are legally entitled to. The main reason why these occur is usually due to a failure by customers to report changes in their circumstances (whether fraudulent or otherwise). When it is not possible to recover the overpayment by reducing future payments of benefit, the customer is sent an invoice for payment.
- 9 During the process of collection of all debts, it is apparent to Managers within Financial Services that, for a number of reasons, particular debts will not be honoured by the debtor concerned. These debts become irrecoverable and must be considered for write-off to allow prudent management of the debt portfolio.
- 10 Members have given delegated authority to the Head of Finance to write-off debts up to a maximum value of £2,000 per debt. The purpose of this report is to advise Members of the amount written off by the Head of Finance under delegated authority and to propose the write-off of a number of other debts in excess of this delegated limit.

NATIONAL NON-DOMESTIC RATES

- 11 There are several accounts for twenty individual businesses totalling £182,656.08 (para. 4) the individual accounts are listed in Annex A, which are put forward for write off under the following category:

Customer Bankrupt – No Dividend likely

- 12 It is proposed that the Executive Member approve write-off of these Non-Domestic accounts as all the ten businesses listed are bankrupt or in liquidation and no dividend is likely. The total amount written off under this category is £182,656.08 (Table shown in para. 4) (The Executive Member should note that all monies written off under this category have had claims registered with the appropriate bodies. If a dividend is forthcoming in future financial years, then that value will be credited back to the Government's accounts and reduce the overall amount of the debts that have been written off.)

SUNDRY DEBTS

- 13 For the 5 months to the end of August 2006, £26.4m of accounts have been sent out. It is proposed to write-off the £23,693.91 in individual accounts, which are listed in Annex B. The debts fall into the following categories.

Debtor Deceased

- 14 There are 6 debts relating to SDREF 18, the debts total £10,835.00 and relate to respite care in residential homes. The department put this forward for write off as the deceased left no family.

Judgement Awarded – Enforcement Failed To Obtain Payment

- 15 SDREF 19 owes £2,182.00 including legal fees, which relates to repairs carried out on council property following the vacation of the debtor. The repairs were carried out as the property was left in unsatisfactory condition. A County Court Judgement was obtained, after which, the bailiffs failed to obtain payment from the debtor.
- 16 SDREF 20 owes £5,593.11 including legal fees, which relates to repairs carried out on council property following the vacation of the debtor. The repairs were carried out as the property was left in unsatisfactory condition. Promises of numerous arrangements failed and a County Court Judgement was obtained, after which, the bailiffs failed to obtain payment from the debtor.

Unable to Establish Means After Reasonable Attempts

- 17 SDREF 21 owes £5,083.20 for outstanding respite care. The department put the debt forward for write off, as the debtor has no means of paying the debt and no family to pay the bill on his behalf.

HOUSING BENEFIT OVERPAYMENTS

- 18 It is proposed to write off £21,951.82 in respect of housing benefit overpayments. Listed in Annex C. The Benefits Agency has given

approval for any debt, not already being recovered, over 7 years old to be written off.

Judgement Awarded – Enforcement Failed to Obtain Payment

- 19 The overpayments for HBREF 20 were for a period from 1998 to 2003 and amounts to £12,912.35. The fraud overpayment team, took this case to Magistrates Court but the judge did not award a Comp Order. The debtor was ordered to serve a community punishment order of 200 hours. Since then we have taken this debt to civil court and the Council's debt collector has visited the property. There has been no response or payments.

Debtor Gone- Reasonable Attempts to Trace Failed

- 20 HBREF 21 owes £2,323.42 for a period relating to June 2001. The invoice was raised in April 2003. There has been no response from letters and tracing agencies. We have been unable to trace the claimants whereabouts and we can not be sure that they received any notification or letters advising of the overpayment.
- 21 The overpayment for HBREF 22 dates back to May 2001 and amounts to £3,913.64. We received payments totalling £225 but these ceased in August 2003 and since then there has been no response from letters or tracing agencies.
- 22 The outstanding amount for HBREF 23 is £2,767.41 including costs for the period October 2000 to July 2001. Again, since January 2002, the benefit agency trace, CCS investigators and debt recovery agencies have all been unsuccessful in trying to locate this debtor on behalf of the authority.

Consultation

- 23 Not relevant to this report.

Options/Analysis

- 24 The very nature of debt recovery inherently involves the identification of debts that will not be paid and a recognition that such debts become irrecoverable and must be written off. As illustrated above there are a number of reasons why debts become irrecoverable and are written off.
- 25 Financial regulations and prudent financial management dictate that provision for bad debts is made in the Council's accounts. The following provision has been made in the Council's accounts in 2006/07 (rounded to the nearest '000):

	£k
NNDR	1,440
Sundry Debtors	448
Council Tax	2,957
Poll Tax	2
Overpaid HB	1,798

- 26 The values for write off this financial year fall well within the bad debt provision.
- 27 In the context of the total charges raised by the Council, write offs to date represent:

Year	Total Charges Raised £	Total Value Written off £	Percentage written off £
<u>National Non-Domestic Rates</u>			
To Sept 06	75,911,518	1,113	>0.00%
2005/06	69,540,029	12,105	0.01%
2004/05	68,200,000	116,265	0.17%
2003/04	67,624,223	162,553	0.24%
2002/03	62,559,370	135,378	0.21%
2001/02	60,840,448	98,019	0.16%
2000/01	56,766,000	20,580	0.03%
<u>Sundry Debtors</u>			
To Sept 06	26,356,967	nil	>0.00%
2005/06	52,330,126	11,183	0.02%
2004/05	36,986,021	50,505	0.14%
2003/04	41,656,971	275,411	0.66%
2002/03	34,543,460	50,305	0.15%
2001/02	26,204,508	40,987	0.16%
2000/01	24,927,733	48,714	0.20%
<u>Council Tax</u>			
To Sept 06	69,862,896	1,399	>0.00%
2005/06	66,564,805	55,637	0.08%
2004/05	62,900,000	88,358	0.14%
2003/04	57,100,000	66,373	0.11%
2002/03	49,800,000	386,328	0.77%
2001/02	49,900,000	401,321	0.80%
2000/01	46,300,000	450,738	0.97%

<u>Overpayment Of Housing Benefit</u>			
To Sept 06	360,991	nil	>0.00%
2005/06	1,653,350	7,542	0.45%
2004/05	725,982	34,836	4.80%
2003/04	665,271	73,120	10.99%
2002/03	516,204	54,449	10.54%
2001/02	608,528	98,216	16.13%

Corporate Priorities

- 28 It would be counter productive to try and chase debts that we are aware are irrecoverable and it is more efficient to utilise Officer resources in pursuing debts that are recoverable. The write-off of irrecoverable debts therefore contributes towards the corporate priority to improve efficiency and reduce waste to free-up more resources.

Implications

29

- **Financial** – there are no financial implications.
- **Human Resources (HR)** – there are no HR implications.
- **Equalities** – there are no equalities implications.
- **Legal** – there are no legal implications.
- **Crime and Disorder** – there are no crime and disorder implications.
- **Information Technology** – there are no IT implications.
- **Property** – there are no property implications.
- **Other** – there are no other implications.

Risk Management

- 30 In compliance with the Council's risk management strategy. There are no risks associated with the recommendations of this report.

Recommendations

- 31 That the Advisory Panel advise The Executive Member :

To approve for write-off the amount of £228,300 shown in para. 4, (the individual debts are listed in the attached annexes), taking note that each debt has a greater value than £2,000.

- 32 That the Advisory Panel advise The Executive Member:

To note the amount of £143,600 (shown in para. 4) of accounts valued at less than £2,000 written off in the 6 months to 20th August 2006 under the Head of Finance's delegated authority.

33 Reason: To keep the accounts up to date.

Contact Details

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Chief Officer Responsible for the report:
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Head of Public Services
Resources
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Report
Approved



Date 1/9/06

Specialist Implications Officer(s) None

Wards Affected: None



For further information please contact the author of the report

Background Papers

Files can be found at the Local Taxation Section and Customer Accounts Section City Finance Centre Library Square.

Annexes

- Annex A – NNDR Write Offs Over £2,00
- Annex B – Sundry Debt Write Offs Over £2,000
- Annex C – HB Overpayments Over £2,000

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Executive Member for Corporate Services and Advisory Panel

12 September 2006

Report of the Assistant Director (Audit and Risk Management)

Review of the Council's Fraud and Corruption Prosecution Policy

Summary

- 1 The purpose of the report is to seek the Executive Member's approval for a revised policy for prosecuting individuals who have committed acts of fraud or corruption against the Council.

Background

- 2 The Council has a duty to protect public money and to ensure that its resources are not put at risk from potential fraud and corruption. The existing counter fraud arrangements include a Fraud and Corruption Response Plan and a Prosecution Policy, both of which have been in place for a number of years.
- 3 The Prosecution Policy covers all acts of fraud or corruption which have caused financial loss to the Council, or would have done so had the fraud been successful. The Policy sets out the circumstances when the Council will take legal action against the perpetrators of fraud or corruption. The Policy also sets out the circumstances when it is appropriate to offer a formal sanction as an alternative to prosecution in respect of benefit related fraud.
- 4 The Policy now needs to be updated to take account of various developments and changes, including;
 - the Council's new Constitution and the Officer Scheme of Delegation;
 - changes in relevant legislation;
 - changes in roles and responsibilities within the Audit and Risk Management Division;

- changes in the subsidy rules for housing benefits which have ended the system of financial rewards for prosecutions and sanctions;
- recent changes in the Department for Work and Pensions' own prosecution and sanctions policy.

Although the current Policy remains adequate for its primary purpose there is scope to make a number of other improvements particularly in respect of applying alternatives to prosecution in respect of housing benefit and council tax benefit related fraud.

Revised Prosecution Policy

- 5 The main changes to the policy are summarised as follows;
 - the Policy now formally allocates responsibility for decision making to 'authorised officers';
 - the Policy now includes specific criteria for determining whether a prosecution would be in the public interest or not;
 - the threshold for prosecuting benefit related fraud has been increased from £1,500 to £2,000 to be consistent with the Department for Work and Pensions' own prosecution policy;
 - more discretion has been given when deciding to offer a sanction as an alternative to prosecution in benefit related fraud cases;
 - the Policy now clearly states that serious attempted fraud will also be considered for prosecution or sanction;
 - the Policy recognises the powers available to the Council under the Proceeds of Crime Act 2002 to recover assets from convicted fraudsters.
- 6 The revised policy is attached as Annex A.
- 7 One of the implications of the new Policy is that there are likely to be fewer prosecutions for benefit related fraud but a corresponding increase in the number of sanctions (cautions and administrative penalties) being offered. The total cost of prosecuting benefit related offences has risen significantly in the last two years, partly as a result of more cases being put forward but also as a result of increased legal costs. The prosecution costs were in part covered by subsidy from the Department for Work and Pensions (DWP). However, from 1 April 2006, the subsidy rules have changed and the Council no longer receives any additional subsidy for the number of prosecutions and sanctions achieved. By reducing the number of prosecutions undertaken it is expected that the pressure on the existing prosecution budget will be reduced.
- 8 Reducing the number of prosecutions for benefit fraud is also consistent with moves by the DWP to prevent the criminalisation of claimants for

relatively minor fraud where the use of sanctions is considered to be a sufficient deterrent. Prosecutions by the DWP are instead limited to more serious benefit offences.

- 9 Once approved, the new Prosecution Policy will be incorporated into the codes and protocols of the Council's Constitution.

Consultation

- 10 Not relevant for the purpose of the report.

Options

- 11 Not relevant for the purpose of the report.

Analysis

- 12 Not relevant for the purpose of the report.

Corporate Priorities

- 13 This report contributes to the corporate priority of improving efficiency and reducing waste so as to free up more resources. The report also contributes to the overall effectiveness of the Council's internal management & assurance arrangements by helping to achieve the following corporate objectives;

- Ensure probity, integrity and honesty in everything we do (Objective 8.3).
- Improve the forward planning, openness, propriety, speed and effectiveness of decision-making (Objective 8.4).
- Continue to provide sound and timely financial management, and improve medium and long term financial planning. (Objective 8.6).
- Manage the Council's property, IT and other assets on behalf of York residents. (Objective 8.9).

Implications

- 14 The implications are;
- **Financial** – there are no financial implications to this report other than a potential decrease in the costs of prosecuting benefit related fraud.
 - **Human Resources (HR)** – there are no HR implications to this report.
 - **Equalities** - there are no equalities implications to this report.

- **Legal** - there are no legal implications to this report.
- **Crime and Disorder** - there are no crime and disorder implications to this report.
- **Information Technology (IT)** - there are no IT implications to this report.
- **Property** - there are no property implications to this report.

Risk Management Assessment

15 Decisions taken by the Council to prosecute the perpetrators of fraud and corruption may not be consistent with the Council's Constitution and DWP policies.

Recommendation

16 That the Advisory Panel advise the Executive Member to:

- consider and approve the revised fraud and prosecution policy;

Reason

To enable appropriate action to be taken in response to acts of fraud and corruption committed against the Council.

Contact Details

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Chief Officer Responsible for the report:

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Assistant Director (Audit and Risk Management)
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Report Approved



Date 24 August 2006

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers

- Current Council Prosecution Policy in cases of Fraud and Corruption
- Fraud and Corruption Response Plan

Annexes

Annex A – draft City of York Council Fraud and Corruption Prosecution Policy

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**CITY OF YORK COUNCIL
FRAUD AND CORRUPTION PROSECUTION POLICY**

FRAUD AND CORRUPTION PROSECUTION POLICY

Scope and Purpose

- 1.1 The Fraud and Corruption Prosecution Policy forms part of the Council's overall counter-fraud and corruption strategy. The policy covers all acts of fraud or corruption committed by officers or members of the council, or committed by members of the public, or other organisations or their employees, against the Council. The Policy includes all attempted acts of fraud or corruption.
- 1.2 The policy sets out the circumstances when the Council will take legal action against the perpetrators of fraud or corruption. It also sets out the circumstances when it is appropriate to consider alternative courses of action such as offering a caution. The Policy does not cover internal disciplinary procedures which are the subject of the Council's Disciplinary Policy and Procedure.
- 1.3 This policy should be read in conjunction with the Council's Constitution, Fraud and Corruption Response Plan, Whistleblowing Policy and Disciplinary Procedure.
- 1.4 Housing and Council Tax benefit fraud is the most common type of fraudulent act committed against the Council. The Policy contains specific guidelines for determining the most appropriate course of action when fraud of this kind has been identified. Offences other than fraud and corruption (for example those relevant to the enforcement of regulations and/or the collection of taxes) are dealt with by the appropriate service departments under other policies and relying on specific legal powers.
- 1.5 In accordance with the Council's Financial Regulations all staff and Members must inform the Chief Internal Auditor (the AD Resources - ARM) immediately if they suspect or know of any impropriety, financial irregularity, fraud or corrupt practice. Where fraud or corruption is subsequently proven then any decision on whether to prosecute the perpetrator(s) can only be taken by one of the following 'authorised officers', subject to the specific requirements regarding consultation with relevant Director(s) and the Chief Finance Officer (the Director of Resources) as set out in the Financial Regulations;
 - the AD Resources (ARM);
 - the Audit and Fraud Manager;
 - and/or any other officer specifically named as an 'authorised officer' in the Council's Officer Scheme of Delegation.

Where there is any doubt about the circumstances of a particular case then the Director of Resources will be asked to make the final decision.

FRAUD AND CORRUPTION PROSECUTION POLICY

Principles

- 2.1 The Council is committed to an effective anti-fraud and corruption strategy. The strategy is designed to encourage the prevention and detection of fraud and corruption. As part of the strategy the Council is also committed to taking appropriate action against anyone believed to have attempted and/or committed a fraudulent or corrupt act against it. The Council considers that those guilty of fraud or corruption must take responsibility for their actions before the courts.
- 2.2 The Policy is designed to ensure that the Council acts fairly and consistently when determining what action to take against the perpetrators of fraud or corruption.
- 2.3 Staff and Members who are found to have committed fraud or corruption may be prosecuted in addition to such other action(s) that the Council may decide to take, including disciplinary proceedings in the case of staff and referral to the Council's Standards Committee and/or the Standards Board for England in the case of Members. Any decision not to prosecute a member of staff for fraud and corruption does not prevent the Chief Finance Officer (the Director of Resources) from requiring remedial action to be taken by the relevant Director(s) (including disciplinary action) in accordance with the Council's Financial Regulations.
- 2.4 This Policy is also designed to be consistent with the principles and intent of the Council's Equalities Statement. The Council will be sensitive to the circumstances of each case and the nature of the crime when considering whether to prosecute or not.
- 2.5 The consistent application of the policy will provide a means for ensuring that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating committing fraud or corruption. The Council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.
- 2.6 Any decision taken by an 'authorised officer' to prosecute an individual or to offer a formal sanction (HB/CTB cases only) will be recorded in writing. The reason for the decision being taken will also be recorded.
- 2.7 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the Council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

Prosecution

- 3.1 The policy is intended to ensure the successful prosecution of offenders in court. However, not every contravention of the law should be considered for prosecution. The Council will weigh the seriousness of

FRAUD AND CORRUPTION PROSECUTION POLICY

the offence (taking into account the harm done or the potential for harm arising from the offence) with other relevant factors, including the financial circumstances of the defendant, mitigating circumstances and other public interest criteria. All cases will be looked at individually and be considered on their own merit.

- 3.2 To consider a case for prosecution the Council must be satisfied that two tests have been passed. Firstly, there must be sufficient evidence of guilt to ensure conviction. This is called the **Evidential Test**. Secondly, it must be in the public interest to proceed – the **Public Interest Test**.
- 3.3 To pass the Evidential Test, the authorised officer must be satisfied that there is a realistic prospect of conviction based on the available evidence (that is, there must be sufficient admissible, substantial and reliable evidence to secure a conviction).
- 3.4 To pass the Public Interest Test, the authorised officer will balance, carefully and fairly, the public interest criteria against the seriousness of the offence. The public interest criteria include;
- the likely sentence (if convicted);
 - any previous convictions and the conduct of the defendant;
 - whether there are grounds for believing the offence is likely to be repeated;
 - the prevalence of the offence in the area;
 - whether the offence was committed as a result of a genuine mistake or misunderstanding;
 - any undue delay between the offence taking place and/or being detected and the date of the trial;
 - the likely effect that a prosecution will have on the defendant;
 - whether the defendant has put right the loss or harm caused.
- 3.5 It will generally be in the public interest to prosecute if one or more of the following factors applies, subject to any mitigating circumstances;
- the actual or potential loss to the Council was substantial (and for benefit related fraud exceeds the thresholds set out in the financial guidelines which form part of this Policy);
 - the fraud has continued over a long period of time;
 - the fraud was calculated and deliberate;
 - the person has previously committed fraud against the Council (even if prosecution did not result) and/or there has been a history of fraudulent activity;
 - the person was in a position of trust (for example, a member

FRAUD AND CORRUPTION PROSECUTION POLICY

of staff);

- there has been an abuse of position or privilege;
- the person has declined the offer of a caution or administrative penalty, or has withdrawn the offer to pay an administrative penalty (HB/CTB cases only);
- the case has arisen from a collusive employer or landlord investigation (HB/CTB cases only);
- the case has involved the use of false identities and/or false or forged documents (HB/CTB cases only);

Mitigating Factors

4.1 The following mitigating factors will be taken into account when determining whether to prosecute;

4.2 Voluntary Disclosure

A voluntary disclosure occurs when an offender voluntarily reveals fraud about which the Council is otherwise unaware. If this happens, then the fraud will be investigated but the offender will not be prosecuted unless in exceptional circumstances. However, any person colluding in the crime will still be prosecuted. A disclosure is not voluntary if the:-

- admission is not a complete disclosure of the fraud;
- admission of the fraud is made only because discovery of the fraud is likely, (for example, the offender knows the Council is already undertaking an investigation in this area and/or other counter fraud activity);
- offender only admits the facts when challenged or questioned;
- offender supplies the correct facts when making a claim to Legal Aid;
- disclosure comes to light in some other way, for example, by the issue of a Housing Benefits review form (HB/CTB cases only).

4.3 Ill Health or Disability

Where the perpetrator (and/or their partner in HB/CTB cases) is suffering from prolonged ill health or has a serious disability or other incapacity then the offender will not be prosecuted unless in exceptional circumstances. Evidence from a GP or other doctor will be requested if the condition is claimed to exist, unless it is obvious to the investigator. For HB/CTB cases it is also necessary to prove that the person

FRAUD AND CORRUPTION PROSECUTION POLICY

understood the rules governing receipt of benefit and was aware that their action is wrong. This may not be possible where, for instance, the offender has serious learning difficulties. However, simple ignorance of the law will not prevent prosecution.

4.4 Social Factors

A wide range of social factors may make a prosecution undesirable. The test is whether the court will consider the prosecution undesirable, and go on to reflect that in the sentence.

4.5 Exceptional Circumstances

In certain exceptional circumstances the Council may decide not to prosecute an offender. Such circumstances include;

- the lack of sufficient resources to complete the investigation within a reasonable period of time (even after requesting assistance from the police and the DWP);
- the prosecution would not be in the interests of the Council.

Alternatives to Prosecution (HB/CTB cases only)

5.1 If a Housing or Council Tax Benefits case is considered strong enough for prosecution but there are mitigating circumstances which cast a doubt as to whether a prosecution is appropriate then the Council may consider the offer of a sanction instead. The two sanctions available are;

- formal cautions, or;
- administrative penalties.

Formal Cautions

6.1 A formal caution is a warning given in certain circumstances as an alternative to prosecution, to a person who has committed an offence. A formal caution is a serious matter and all cautions are recorded by the DWP. Where a person offends again in the future then any previous cautions will influence the decision on whether to prosecute or not.

6.2 Subject to the thresholds set out in the financial guidelines below, a formal caution will normally be offered where all of the following apply;

- there is sufficient evidence to justify instituting criminal proceedings;
- the person has admitted the offence;
- it was a first offence, and;

FRAUD AND CORRUPTION PROSECUTION POLICY

- an administrative penalty is not considered to be appropriate.

Only in very exceptional circumstances will a further caution be offered for a second or subsequent offence of the same nature.

- 6.3 Cautions will be administered by the Audit and Fraud Manager or the Fraud Team Leader. If a caution is offered but not accepted then the Council will usually consider the case for prosecution. In such cases the Court will be informed that the defendant was offered a penalty but declined to accept it.

Administrative Penalties

- 7.1 Section 115A of the Social Security Administration Act 1992 as amended by Section 15 of the Social Security Administration (Fraud) Act 1997, permits an administrative penalty to be offered to claimants as an alternative to prosecution. The penalty is set at a rate of 30% of the total benefit overpayment. Once an administrative penalty is accepted, the claimant has 28 days to change their mind.

- 7.2 Subject to the thresholds set out in the financial guidelines below, an administrative penalty will normally be offered by the Council in the following circumstances;

- the Council believes that there is sufficient evidence to prosecute;
- it was a first offence or a previous offence was dealt with by way of a caution, and;
- in the opinion of the Council, the circumstances of the case mean it is not overwhelmingly suitable for prosecution, and;
- the claimant has the means to repay both the overpayment and the penalty, and;
- there is a strong likelihood that both the overpayment and the penalty will be repaid.

- 7.3 It is important to note that the claimant does not need to have admitted the offence for an administrative penalty to be offered. If an administrative penalty is not accepted or is withdrawn then the Council will usually consider the case for prosecution. In such cases the Court will be informed that the defendant was offered a penalty but declined to accept it.

Financial Guidelines (HB/CTB cases only)

- 8.1 Where the 'authorised officer' considers that justice can be best served with a caution or administrative penalty where the overpayment is higher than the figures shown below then discretion may be applied. Equally, discretion may be applied where it is considered reasonable to

FRAUD AND CORRUPTION PROSECUTION POLICY

prosecute but the overpayment is lower than the limit prescribed.

8.2 The following guidelines apply in helping to determine the appropriate action to take;

- A formal caution or an Administrative Penalty may be offered where the overpayment is under £2,000. The decision on which to offer will depend on the circumstances of the case and whether the offence has been admitted or not by the accused.
- If the overpayment is over £2,000 and it is considered to be in the public interest then prosecution proceedings will generally be instigated.

8.3 Where the size of the overpayment is such that the Council would normally prosecute but there are mitigating factors which make such a prosecution undesirable then a formal sanction may be offered instead.

8.4 Serious attempted fraud which is discovered before benefits have been put into payment (and where there is no overpayment of benefit as a result) will also be considered for prosecution or sanction. The criteria for determining whether a prosecution is appropriate will be the potential seriousness of the fraud as opposed to the value of the overpayment. Each case will be considered on its own merits and action will be taken as appropriate.

Proceeds of Crime Act 2002 (POCA)

9.1 In addition to the actions set out in this policy, the Council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for restraint and/or confiscation of identified assets. A restraint order will prevent a person from dealing with specific assets. A confiscation order enables the Council to recover its losses from assets which are found to be the proceeds of crime.

Implementation Date

10.1 This policy is effective from 1 October 2006 and covers all fraudulent or corrupt acts which are identified after this date.



Executive Member for Corporate Services and Advisory Panel

12 Sept 2006

Report of the Assistant Director of Resources (Audit & Risk Management)

Staff Warning Register: extension of access and scope

Summary

- 1 This report recommends giving elected members access to the Staff Warning Register and proposes certain arrangements to ensure that its privacy safeguards are properly maintained.
- 2 It also describes an extension of its scope to cover not only harm (and risk of harm) through violence, but alarm, harassment or distress (or the risk) through behaviour described in the recently approved Violence and Aggression Policy.

Background

- 3 The Staff Warning Register was launched in April 2004 following approval of its procedure by Management Team in August 2003. That procedure was limited to the threat of harm or injury through violence. A working group reviewed the operation of the Register in Spring 2006 and decided to extend its scope.
- 4 The June meeting of the Executive Member for Corporate Services and Advisory Panel asked for a report on allowing members access, following incidents in which members had experienced hostility and abuse and been threatened by dogs at private houses.

Consultation

- 5 The register is a matter of the Council's internal management. Its outside impact is limited to those whose names are on the register, plus a small number of disclosures to other organisations. Therefore there has been no consultation with outside bodies regarding this matter.
- 6 The working group referred to above invited all directorates to send a representative (although not all did) and also included staff from the corporate Health & Safety service.

Options

- 7 Access to the Register might be granted to members, or refused.
- 8 The extension of scope is a management arrangement relating to the protection of staff from certain risks. It does not require a member decision and no options are presented here. But of course if members wish to give advice it will be taken into account when the revised procedure is published.

Options and analysis

Constitutional and legal aspects

- 9 The Constitution provides for members' access to any information needed to carry out their functions; describes some conditions restricting it; and relates these to the Code of Conduct. Disclosure of register data in breach of its procedure, or unauthorised access to it, would amount to a breach of the Code of Conduct¹.
- 10 The register was set up in response to guidance from the Information Commissioner intended to ensure compliance with the Data Protection Act 1998 (DPA). DPA requires the council to identify a lawful purpose for keeping such a register and the Health & Safety at Work Act 1974 is the main item.
- 11 Although members are not employees, the Health & Safety at Work Act includes a duty to any other person who may be affected by the employer's work. Members plainly do take part in the work of the council and may be affected by it – and be brought into contact with dangerous people, or exposed to other risks – and it would be unreasonable not to extend to them the same protections that are available to employees.
- 12 Further, members have a common law right of access to any information they reasonably need to carry out their duties. Clearly this should include information that would keep them safe.

Members' roles

- 13 The above provisions relate to members of the corporate body, carrying out its functions, but not to their roles as individual representatives of constituents, or work within a political party.
- 14 The Information Commissioner identifies three roles that members have at different times and considers that they amount to being different "data controllers". This is important, as one data controller can only disclose, in recorded form, personal data to another if the "data protection principles" permit it. Annex A describes the three roles.
- 15 The data protection policy explains all the principles but the most obvious one is that a person on the register must be made aware, at a suitable early

¹ See Part 5 of the Constitution, the protocol on member/officer relations, paragraphs 34 onwards.

moment, that a member is using information about him or her, provided in the corporate role, for one of the other roles.

Training

- 16 Data protection and health & safety are basically common sense matters but it is likely that many members would benefit from some training or more detailed explanation of the matters above. Suitable instruction can be included in members' induction and other training material, or special sessions can be arranged.
- 17 A set of Dos and Don'ts is at Annex B.

Unacceptable behaviour

- 18 The Violence and Aggression policy deals with behaviour that falls short of causing injury or harm – typically, shouting and swearing; what it calls “unacceptable behaviour”, and defined as causing alarm, harassment or distress. It also proposes responses to that behaviour. In some cases, inclusion on the Register may be appropriate.
- 19 Such unacceptable behaviour may interfere with an officer's or member's ability to fulfil his or her function. Forewarning through the register reduces that problem and so is conducive to, and facilitates, the council's functions, as provided at Section 111 of the Local Government Act 1972. This is therefore the legal basis for processing the personal data.
- 20 “Ability to fulfil the function” suggests a high threshold for inclusion. The register must not have so many entries that the small number of genuinely dangerous people is swamped. Annex C includes a series of guidelines for nomination, taken from the register's procedure, intended to define a high threshold.

Corporate Priorities

- 21 The Staff Warning Register contribute to the following corporate priority:
 - reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York
- 22 The Staff Warning Register also contributes to the following corporate objectives:
 - 4: ***create a safe city through transparent partnership working*** by ensuring personal data is shared in a structured and proper way.
 - 8: ***transform City of York Council into an excellent customer-focussed “can-do” authority.*** Feeling, and being, safe and confident in dealing with customers promotes good service.

Implications

Financial

- 23 The register will be administered by the Information Management Officer within existing budget and staff resources. If the number of names grows significantly or if there is a large demand for data from the register, it may have an impact on the other work of the section and a consequent cost. This will be reported at the time with recommendations to deal with the matter.
- 24 Staff and members suffering injury at the hands of these people can seek damages if adequate steps have not been taken to protect them. Data subjects can sue for damages if their rights under the Act are breached (although they would have to prove injury to claim damages). The register will help protect the council against these risks.
- 25 Development of the new database for the Register, including associated costs, is included in the IT development plan.

Human Resources (HR)

- 26 The Register is a component of the council's overall health & safety arrangements. The Violence and Aggression Policy is also supported by the use of the register. Both are enhanced by the proposals in this report.

Equalities

- 27 None in this report. But note that the register's procedure specifically excludes nominations based on prejudice.

Legal

- 28 In order to protect the Council from legal challenge from members, a strategy for effective information sharing about the wider risks faced by them, together with advice and guidance on appropriate responses to such situations, is required.
- 29 The analysis section above deals with the constitutional and legal basis for granting access, and for the restrictions that are to be imposed, and the applicability of the Code of Conduct.

Crime and Disorder

- 30 None in this report although perhaps crimes against members or staff may be avoided.

Information Technology (IT)

- 31 Development of the new database for the Register, including associated costs, is included in the IT development plan.

Property

32 None

Other

33 None

Risk Management

34 The recommendation below will help mitigate any risk of the adverse outcomes described in para 23 above. There are no new risks from adopting the recommendation.

Recommendations

35 It is recommended that the Advisory Panel advise the Executive Member that access to the Staff Warning Register be granted to all elected members and that suitable training be arranged.

Reason: to improve the safety of members

Contact Details

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Report Approved

Date 1 September 2006

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

All

For further information please contact the author of the report

Background Papers:

City of York Data Protection Policy (December 2001)

Compliance advice: Violent warning markers: use in the public sector (Information Commissioner, 2002

<http://www.ico.gov.uk/documentUploads/New%20Violent%20publication%20markers%20advice.pdf>

City of York Staff Warning Register and procedure

City of York Constitution

Annexes:

- A Members' three roles
- B Staff Warning Register dos and don'ts
- C Criteria for inclusion on the register

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Members' roles

The corporate role:

being a member of the council, carrying out corporate functions. This includes sitting in Council or on committees, including ward committees, representing the council on other bodies, any work assisting that, such as attending training, briefings, working groups, or preparing for council decision to be made. Corporate includes departmental in this definition.

In this role a member is covered by the council's Notification when processing personal data.

Ward representative role:

Here a councillor acts (usually) alone to represent one or more of his or her constituents, usually in opposition to the corporate body. Typically this happens when someone has a complaint, or an objection to a proposal. Occasionally it means representing views inconsistent those of the corporate body;

Members each have their own notification to process personal data in this role.

Political role:

as a member of a political party. It is up to each party to arrange its own notification, and when processing personal data for party purposes a councillor must act within it.

Each role represents a different data controller, and disclosures from one to another – ie re-using, in a second role, something a member learned in an earlier one – must be consistent with the data protection principles. It should only be done if would have been proper to disclose the data in a letter or email.

Of the eight data protection principles, the most relevant are:

- (principle 1) the data subject is told what is happening (or has happened)
- (principle 2) the new use is consistent with the original purpose of collecting or processing it

for a further discussion see the information Commissioner's website at

<http://www.ico.gov.uk/documentUploads/General%20Advice%20for%20the%20Elected%20Members%20of%20Local%20Authorities.pdf>

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ANNEX B

Staff Warning Register Dos and Don'ts

Do consider all the risks involved in any activity, and especially the possibility of meeting dangerous or difficult people. The Register only includes the people the council knows about; there are many others not on it, so there is always a risk.

Do make yourself aware of which role you are fulfilling at any time.

Do inform a person that you are aware of their Register entry, when fulfilling a non-corporate role, as soon as possible. This could be when explaining why certain arrangements are necessary (eg not visiting at home, alone).

Do complete relevant health & safety procedures, and violence & aggression policy options, after an incident. The register may be a viable option.

Don't nominate a person after an incident unless you can see how others would be able to use the information to reduce risk to themselves, and you can explain what that risk is.

Don't transfer recorded information outside the council, and your corporate role, unless the particular circumstances provide a lawful route to doing so.

Don't access the Register unless carrying out corporate functions; this would include preparation and follow-up work.

Don't make printed copies of the data because it would be too easy to inadvertently refer to it during another role or allow others to see it

Don't provide Register information to others (eg family members, or party workers out canvassing) unless professional advice indicates that it would be lawful to do so.

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Criteria for inclusion on the Register

The following are extracts from the draft procedure for operating the Register.

The register exists to communicate information about people or properties that represent a risk which staff should prepare for or take precautions against. ... Register entries must communicate effectively to other officers and help them make rational decisions on precautions.

Information must be factual and objective and judgements must be evidence-based.

Inclusion is not a punishment for bad behaviour, no matter how bad. Nor can it be to satisfy the anger of someone who has suffered distress.

Behaviour, to be considered unacceptable and lead to addition to the register, must

- a) breach the V&A policy
- b) cause (or be likely to cause) alarm, distress or harassment.

These have a high threshold. Distress is more serious than mere upset or hurt feelings (even if an emotional reaction is caused, such as weeping). Words or behaviour may provoke anger but that is not by itself enough to justify inclusion (as anger is not a rational response and the council cannot behave irrationally).

Conversely psychological trauma is more serious than distress (and would in fact be harm).

Alarm is a proper reaction to a credible threat of assault, which would itself lead to inclusion. But if a threat is identified as not having been credible, some time after the event, it could still qualify as unacceptable behaviour.

Vague or unplaceable fear are neither distress nor alarm. Unease, creepiness or an intuitive feeling that something is not quite right, are not sufficient no matter how strongly felt. An individual can still base actions on such feelings, but the Register is not the place to record them.

Intent

Intention is an important criterion. If the intention of an act is to cause distress or alarm, even if the threat could later be seen as not credible, or there was no intention to actually carry out the threat, it probably still breaches the V&A policy. This is harassment. An example might be a curse or other supernatural threat. Although it is not credible, an intention to cause alarm (or even harm, if the person actually believes in such things) represents unacceptable behaviour by that person. If it is such that other staff should be warned about it, record on the register.

Care should be taken not to overreact to behaviour that may be inadvertent, perhaps because of culture or deprivation. A "reality check" is required. The council will appear ridiculous if it appears to take the supernatural seriously.

In such cases one or more warnings may be appropriate; see procedures within the Violence & Aggression policy. But remember that all sorts of small minorities exist and have quite legitimate variations from general norms. Naturism is probably within the bounds of acceptability; flashing is not.

Reasonableness and training

Distress or alarm are what the behaviour would cause (or risk causing) in a reasonable, experienced person who is fully trained in dealing with customers. Generally accepted norms of behaviour are the starting point. In addition training should include preparation for meeting those whose views and behaviour might be conditioned by a different cultural background or (especially) by severe social or educational disadvantage. Staff should be trained to expect unpleasant surprises.

This means that if an individual who has not had such training (or is in some way more vulnerable than most) suffers an incident, they may experience distress or alarm but addition to the register would not be an appropriate response. The other forms of response will have greater relevance than usual and consultation with a line manager is the route to a reasonable decision.