



Notice of meeting of

Executive Member For Corporate Services and Advisory Panel

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| To: | Councillors Healey (Chair), Jamieson-Ball (Executive Member), Moore, Pierce (Vice-Chair) and Gunnell |
| Date: | Tuesday, 10 June 2008 |
| 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 Monday 9 June 2008, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 12 June 2008, 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 1 - 3 to Agenda Item 6 (Review and Strategy for the Commercial Property Portfolio – Future Investment Strategy) on the grounds that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 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 - 8)

To approve and sign the minutes of the meeting of the Executive Member for Corporate Services and Advisory Panel held on 18 March 2008.

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 9 June 2008, at 5.00 pm.

5. Forward Plan Update (Pages 9 - 22)

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:

ITEMS FOR DECISION

6. Review and Strategy for the Commercial Property Portfolio – Future Investment Strategy (Pages 23 - 38)

This report outlines the future investment strategy for the Commercial Property Portfolio, as requested by the Executive on

20 November 2007, and sets out options for allocating the budget made available at Council on 21 February 2008 for reviewing this Portfolio.

7. Resources Performance & Finance Outturn Report (Pages 39 - 120)

This report combines performance and financial information for the Resources Directorate for 2007/08. The performance element covers key and Council Plan indicators and projects, and the financial aspect deals with capital, revenue and Treasury Management variances.

8. Audit and Fraud Shared Service – Progress Report (Pages 121 - 134)

This report advises Members of the progress which has been made to date in developing the audit and fraud shared service initiative with North Yorkshire County Council (NYCC), and to recommend a few working adjustments to the proposed scope of the shared service project (as previously set out in the original Outline Business Case).

9. Insurance Services Outturn Report 2007/08 (Pages 135 - 140)

The purpose of this paper is to inform Members of the progress made by the Insurance service during 2007/08.

10. Treasury Management Annual Report & Review of Prudential Indicators (Pages 141 - 170)

This reports updates the Executive Member on Treasury Management performance for 2007/08 compared against the budget taken to Council on 21 February 2007.

ITEMS FOR INFORMATION

11. Information Management Annual Report 2007/08 (Pages 171 - 178)

This outturn report advises Members of activity in the area of Information Management during 2007/08. It deals with the work of the Information Management Officer (IMO). It is for information and no decision is required, but members have previously requested

further information about this developing area of the Council's work and members' views and comments are welcome.

12. Corporate Procurement Team Outturn Report 2007/08 (Pages 179 - 206)

The purpose of this paper is to inform Members of the work and progress of the Corporate Procurement Team during 2007/08.

URGENT BUSINESS

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

Democracy Officer:

Name: Tracy Johnson

Contact details:

- Telephone – (01904) 551031
- E-mail – tracy.johnson@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.

About City of York Council Meetings

Would you like to speak at this meeting?

If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088

Further information about what's being discussed at this meeting

All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements

We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

যদি যথেষ্ট আগে থেকে জানানো হয় তাহলে অন্য কোন অর্ধাতে তথ্য জানানোর জন্য সব ধরনের চেষ্টা করা হবে, এর জন্য দরকার হলে তথ্য অনুবাদ করে দেয়া হবে অথবা একজন দোঅবী সর্ববরাহ করা হবে। টেলিফোন নম্বর (01904) 551 550।

Yeteri kadar önceden haber verilmesi koşuluyla, bilgilerin terümesini hazırlatmak ya da bir tercüman bulmak için mümkün olan herşey yapılacaktır. Tel: (01904) 551 550

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اگر مناسب وقت سے اطلاع دی جاتی ہے تو ہم معلومات کا ترجمہ مہیا کرنے کی پوری کوشش کریں گے۔ ٹیلی فون (01904) 551 550

Informacja może być dostępna w tłumaczeniu, jeśli dostaniemy zapotrzebowanie z wystarczającym wyprzedzeniem. Tel: (01904) 551 550

Holding the Executive to Account

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
- Public libraries get copies of **all** public agenda/reports.

City of York Council

Committee Minutes

| | |
|---------|---|
| MEETING | EXECUTIVE MEMBER FOR CORPORATE SERVICES AND ADVISORY PANEL |
| DATE | 18 MARCH 2008 |
| PRESENT | COUNCILLORS HEALEY (CHAIR), JAMIESON-BALL (EXECUTIVE MEMBER), LOOKER, PIERCE AND R WATSON |

59. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Cllr R Watson declared a personal non prejudicial interest in Agenda Item 9 (Audit and Fraud Shared Service – Business Options – Minute 67 refers) as Housing Associations were potential clients of fraud services.

Cllr R Watson declared a personal non prejudicial interest in Agenda Item 10 (Update on the Local Housing Allowance – Minute 68 refers) as he owned rental property in York.

Cllr Looker declared a personal non prejudicial interest in Agenda Item 9 (Audit and Fraud Shared Service – Business Options – Minute 67 refers) as Clerk to the Governors for York St John University.

60. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting during consideration of the following:

Annexes A-C to Agenda Item 7 (National Non-Domestic Rates, Sundry Debtors, Council Tax and Overpaid Housing Benefit and Car Park Charges Accounts Submitted for Write-Off – Minute 65 refers) on the grounds that it contains information which is likely to reveal the identity of an individual and 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).

Annexes 2 & 4 of Annex A to Agenda Item 9 (Audit & Fraud Shared Service – Business Options – Minute 67 refers) on the grounds that it contains information relating to any individual and the financial or business

affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraphs 1 & 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).

61. MINUTES

RESOLVED: That the minutes of the last meeting held on 29 January 2008 be approved and signed as a correct record.

62. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak under the Council's Public Participation scheme.

63. FORWARD PLAN UPDATE

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

Advice of the Advisory Panel

That the Executive Member be advised:

- (i) That the Forward Plan be noted.

Decision of the Executive Member

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

REASON: To inform the Executive Member of future business for Corporate Services EMAP meetings.

64. RESOURCES DIRECTORATE PLAN

Members considered a report which sought approval for the final version of the Directorate Plan for Resources.

At the January meeting of Corporate Services EMAP Members considered an early draft version of the first Directorate Plan for Resources. Following a period of consultation the final Plan was re-presented here. The Plan was designed to cover a 3-year timescale. Whereas the draft Plan brought to Members at the January meeting was for comment only, Members were asked to approve this final version or suggest further amendments to it.

Members queried as to whether there would be any interim arrangements to cover the management vacancies that would be coming up soon. It was reported that the posts for Director of Resources and Assistant Director for audit and risk management would shortly be advertised and hopefully filled

in April. It was further reported that a restructure was planned and that a report would be brought to members in the near future.

Advice of the Advisory Panel

That the Executive Member be advised:

- (ii) That the revised Directorate Plan be approved.¹

Decision of the Executive Member

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

REASON: To provide strategic direction for the Directorate and to act as a consolidated reference point for Service Managers.

Action Required

1. To implement the Resources Directorate Plan.

SA

65. NATIONAL NON-DOMESTIC RATES, SUNDRY DEBTORS, COUNCIL TAX AND OVERPAID HOUSING BENEFIT AND CAR PARK CHARGES ACCOUNTS SUBMITTED FOR WRITE-OFF

Members considered a report which asked for Executive Member 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 provided details of the value of other irrecoverable accounts under £2,000 that had been written-off under delegated authority in the current financial year.

Members were presented with two options:

Option 1 - To approve for write-off the amount of £628,849 shown in para. 4 (the individual debts were listed in the attached annexes).

Option 2 - Not to approve the total write-off figure as shown in para. 4.

Members congratulated officers on the level of debt that had been recovered and for lowering the percentage of write offs.

Advice of the Advisory Panel

That the Executive Member be advised:

- (iii) That the amount of £628,849 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, be approved for write off¹;
- (iv) That the amount of £503,339 (shown in para. 4) of accounts valued at less than £2,000 written off in the 2007/08 financial year under the Head of Finance's delegated authority be noted.

Decision of the Executive Member

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

REASONS: (i) To allow prudent management of the Authorities debt portfolio.
(ii) To inform the Executive Member.

Action Required

1. To implement the write off of £628,849 of debt. SA

66. REVIEW OF THE COUNCIL'S COUNTER FRAUD POLICIES

Members considered a report which sought approval for the adoption of a new Counter Fraud and Corruption Policy, along with a refreshed Fraud and Corruption Prosecution Policy to further strengthen and improve overall governance arrangements at the Council.

Officers reported that the implementation date for the refreshed Fraud and Corruption Prosecution Policy was incorrect on the published version and that it should read 1 April 2008.

Members queried how many administrative penalties were issued each year. Officers reported that there was approximately 20 to 30 administrative penalties a year, but that they wanted to increase that figure and reduce the number of prosecutions.

Advice of the Advisory Panel

That the Executive Member be advised:

- (i) That the adoption of the Counter Fraud and Corruption Policy as set out in Annex 1 to this report be approved¹;
- (ii) That the adoption of the re-refreshed Fraud and Corruption Prosecution Policy as set out in Annex 2 to this report be approved².

Decision of the Executive Member

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

REASONS: (i) To ensure the Council has robust arrangements in place to counter fraud and corruption.
(ii) To enable appropriate action to be taken in response to acts of fraud and corruption committed against the Council.

Action Required

1. To implement the Counter Fraud and Corruption Policy. SA
2. To implement the re-refreshed Fraud and Corruption Prosecution Policy. SA

67. AUDIT & FRAUD SHARED SERVICE - BUSINESS OPTIONS

Members considered a report which advised of the progress which had been made to date in developing the shared audit and fraud service initiative with North Yorkshire County Council (NYCC). It also sought Executive Member approval to proceed with the project as originally defined and to implement an appropriate long term structure for the service.

An Outline Business Case (OBC), attached as annex A, had been prepared which set out the aims and objectives for the project. The OBC was intended to provide the basis for determining the most appropriate organisational structure for the shared service, as well as detailing the anticipated outputs and outcomes which the project was expected to deliver.

Members had four options to consider at this stage in the project process, as set out in the OBC. The options were;

Option 1 – abandon the current process of collaboration between the two Councils and revert back to the service arrangements which existed prior to 1 October 2007 (do nothing);

Option 2 – abandon the current project to develop a long term shared service solution for the provision of audit and fraud services but explore more limited collaboration where appropriate (do the minimum);

Option 3 – proceed with a shared service project but change the original scope and, or direction of the process by, for example, bringing in additional partners or changing the range of services to be included (do something else);

Option 4 – proceed with the scope and direction of the project, ie to establish a formal shared service between CYC and NYCC, as originally set out and agreed by Members in September 2007 (to continue with the current development process). This was the recommended option.

Assuming that Members wished to proceed with the project as defined (Option 4), then seven possible options had been identified for the long term organisational structure of the shared service. These were detailed under paragraph 23. The Project Board assessed all of these options against a series of agreed criteria. The results of this assessment were set out in paragraph 42 of the OBC. This evaluation process identified three preferred options, as follows:

- Option A – Joint Working Arrangement
- Option C – Joint Committee
- Option E – Company Limited by Shares or Guarantee

A document detailing the legal implications of implementing Option E was tabled at the meeting.

Members queried whether North Yorkshire County Council (NYCC) were still enthusiastic about this project. It was reported that Unison at NYCC were in opposition to it but NYCC were still committed and that a report

would now be going in April instead of March at NYCC to allow Unison to make representations.

It was questioned whether only pursuing Option E was a risk, and how would officers ensure that if Option E collapsed the whole project did not disintegrate. Officers reported that Option E would be a fully worked up business case, but Options A and C would be alternatives to fall back on. It was reported that the next report would have a comparative assessment of Options A, C and E.

Members thanked Liz Ackroyd for all her hard work during her tenure with the council.

Advice of the Advisory Panel

That the Executive Member be advised:

- (i) That the progress which had been made in developing the shared service initiative to date, and the outcome of the options appraisal as set out in the Outline Business Case be noted;
- (ii) That the options for the future direction of the project, as set out in paragraph 19 be noted, and the officer recommendation to proceed with the project as originally defined (Option 4) be approved;
- (iii) That the officer recommendation to proceed with option E, as the long term organisational structure of the shared service be approved in principle;
- (iv) That the intention to report back to this Committee for final Member approval, before progressing to full implementation of the chosen option, be noted¹.

Decision of the Executive Member

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

REASONS: (i) To enable Members to consider the progress made with the shared service initiative to date, and the outcome of the options appraisal undertaken by the Project Board.
(ii) To enable Members to agree the next steps in the development of the shared service.

Action Required

1. To bring a report back for final Member approval, before progressing to full implementation of the chosen option. SA

68. UPDATE ON THE LOCAL HOUSING ALLOWANCE (LHA)

Members considered a report which provided an update to Members on the work being done to implement the new Local Housing Allowance from April 2008 and also set out details of the Safeguard Policy.

This report was for information only and no decision was required. The authority was due to be issued with final LHA rates by the Rent Service in

early March. An assessment of the likely financial impact for customers was presented. It was reported that the final LHA rates had still not been issued and were now due at the end of March. Officers informed the committee that approximately 47.5% would see a reduction in the amount of rent they would be allowed. About a third of customers would lose up to £5 a week and two thirds would lose between £5 and £10 a week in terms of the rent allowed.

Officers further reported that a bid was due to be submitted shortly to the Department for Works and Pensions (DWP) for £100 000 to cover the budget, and that the DWP were supportive of the application as they understood the impact of the Broad Rental Market Area on York.

Board members raised concerns that the level of debt might increase with the rents being paid direct to the customers instead of to landlords, and that landlords might start to refuse to take tenants on housing benefits which could affect long term provision of private housing.

Officers reported that they would be emailing a report round to all councillors with updated figures to try to raise awareness of the two changes coming into effect from 7 April 2008. It was suggested that an Executive Summary should be sent with this report in the email.¹

Advice of the Advisory Panel

That the Executive Member be advised:

- (i) That the content of this report be noted with concern;
- (ii) That the establishment of a safeguard protocol be noted and welcomed;
- (iii) That the financial assessment of the likely impact of the LHA scheme on tenants be noted.

Decision of the Executive Member

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

REASON: To keep the Executive Member informed of changes in legislation that impact on the processing and payment of Housing Benefit.

Action Required

1. To email a report with an Executive Summary round to all SA councillors with updated LHA figures and proposed changes.

Cllr Healey, Chair

Cllr Jamieson-Ball, Executive Member

[The meeting started at 5.34 pm and finished at 7.25 pm].

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

| | TITLE OF REPORT | RESPONSIBLE DIVISION/ REPORT AUTHOR | FOR DECISION/ INFORMATION | FIRST DEADLINE FOR REPORTS TO DIRECTOR & CHAIR OR EARLIEST DISTRIBUTION DATE | RMT/QCG/CMT DATE | EMAP | EBS | EXEC | COMMENTS/ GENERATED BY |
|---|---|--|--|---|-------------------------|-------------|-------------------|--------------------|-------------------------------------|
| 1 | Review of Information Policy Framework | Audit & Risk Management Robert Beane | As part of the Information Governance Strategy approved in December 2007 information sharing with other authorities and all policies have been reviewed including the Data Protection Policy which was out of date, an amended version is hereby presented for Members approval. | 11/05/08 | CMT 21/05/2008 | | EBS 27/05/2008 | EXEC 03/06/2008 | Report at the Request of Members |
| 2 | Purchase of land for Use as a Composting Area | Property Services Paul Fox | Yorwaste have negotiated with a local landowner to purchase 30 acres of land, subject to planning approval, for use as a composting area in association with the waste disposal site at Harewood Whin. Planners have recommended approval and it will be decided at Planning Committee on 28 February. Should the Planning Permission be Granted it would be economically advantageous for the Council to purchase the land and lease it to Yorwaste. However, Yorwaste are also looking into purchasing the land themselves. | | QCG 14/05/2008 | | EBS 27/05/2008 | EXEC 03/06/2008 | Report at the Request of the Author |

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| 3 | Insurance Outturn Report | Audit & Risk Management Quarterly Monitoring Report David Walker | To provide information on the progress in delivering an efficient and effective insurance service to the Council including details on the performance of the Insurance Funds | 25/05/08 | | EMAP 10/06/2008 | | | Business Cycle |
| 4 | Procurement Outturn Report | Audit & Risk Management Quarterly Monitoring Report David Walker | To provide information on the progress made in delivering an effective and efficient procurement service to the Council including details on performance and corporate procurement savings | 25/05/08 | | EMAP 10/06/2008 | | | Business Cycle |
| 5 | Information Management & Governance Outturn Report | Audit & Risk Management Quarterly Monitoring Report Robert Beane | To provide information on the progress made in Information Management & Governance | 25/05/08 | | EMAP 10/06/2008 | | | Business Cycle |
| 6 | Progress Report on Shared Audit Service | Audit & Risk Management Max Thomas | To provide Members with an update on the progress of the Shared Audit Services with North Yorkshire | 25/05/08 | | EMAP 10/06/2008 | | | At the Request of Members at the meeting of Corporate Services EMAP on 11/12/2007 |

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| 7 | Resources Performance and Finance Outturn Report* | Business Management Penny Hepworth/ Patrick Looker | | 25/05/08 | RMT | EMAP 10/06/2008 | | | Business Cycle |
| 8 | Treasury Management Annual Report and Prudential Indicators 2006/07 | Finance Tom Wilkinson | Provides detailed performance information on the Treasury Management function including reportage on the prudential indicators required by the national treasury management code of practice. | 25/05/08 | | EMAP 10/06/2008 | | | Business Cycle |
| 9 | Review and Strategy for the Commercial Property Portfolio - Future Investment Strategy | Property Services David Baren | The main Review and Strategy was approved by EMAP on 30th October 2007, and Executive on 20th November. These reports contained a recommendation that some properties could be sold, and the proceeds re-invested in other property that more closely followed the Council's Corporate Strategy and also gave a better balance to the Portfolio. The Executive delegated the detail of the Strategy to Corporate Services EMAP and this report sets out the necessary further detail. | 25/05/08 | CMT 21/05/2008 | EMAP 10/06/2008 | | | Report at the Request of Members |

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| 10 | Administrative Accommodation Review: End of Stage Update Report | Property Services Maria Wood | To advise Members of completion of Stage 3 of the Admin Accom Review (Finance, Timeframes, Risk & Performance of Work Streams) and identify objectives for Stage 4 | | CMT 04/06/2008 | | EBS 10/06/2008 | EXEC 17/06/2008 | Report at the Request of the Author. Deferred from 29/01/2007 & 22/04/2008. Executiv Meetings to allow for fur development of the Hun design |
| 11 | Annual Report of the Chief Internal Auditor | Audit & Risk Management Max Thomas | | | | Audit & Governance Committee June 2008 | | | |
| 12 | Review of the Effectiveness of Internal Audit | Audit & Risk Management Max Thomas | | | | Audit & Governance Committee June 2008 | | | |
| 13 | Shared Service Progress Report | Audit & Risk Management Max Thomas | | | | Audit & Governance Committee June 2008 | | | |

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| 14 | Risk Management Quarterly Monitoring Report | Audit & Risk Management David Walker | To provide CMT with progress on managing the agreed key corporate risks | 08/06/08 | CMT 18/06/2008 | | | | Business Cycle |
| 15 | Revenue Outturn Report* (incorporating Treasury Management Outturn Report) | Finance Janet Lornie/Tom Wilkinson | To report the final financial position on the council's revenue budgets for the financial year ending the 2007/08 and for the Executive to note overall performance and authorise relevant financial adjustments such as budget carry forwards and virements. | 01/06/08 | CMT 11/06/2008 | | EBS 23/06/2008 | EXEC 30/06/2008 | Business Cycle |
| 16 | Capital Outturn Report* | Finance Tom Wilkinson | To report the final financial position on the council's xcapital programme for the financial year ending the 2007/08 and for the Executive to note overall performance and authorise relevant financial adjustments. | 01/06/08 | CMT 11/06/2008 | | EBS 23/06/2008 | EXEC 30/06/2008 | Business Cycle |

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| 17 | The Statement of Accounts | Finance Janet Lornie/Sian Hansom | The statement of accounts records the overall financial position of the council at the 31st March in line with the nationally set Accounting Code of Practice. It is a requirement on the council that the draft statement of accounts are considered and agreed by council by the 30th June. | | | Audit & Governance Committee June 2008 | EBS 24/06/2008 | EXEC 30/06/2008 | Council 28/06/2007 |
| 18 | Annual Governance Statement | Audit & Risk Management Max Thomas | | | CMT 04/06/2008 | Audit & Governance Committee June 2008 | EBS 24/06/2008 | EXEC 30/06/2008 | Report at the Request of the Author |
| 19 | York Racecourse Report on Negotiations | Property Services David Baren | Further to the meeting on 27th November 2007, The Directors of LCCS and Resources to report back to Executive on the results of further negotiations with the Racecourse on the matters referred to by Scrutiny Management Committee on 26th November 2007 | | QCG 17/06/2008 | | EBS 24/06/2008 | EXEC 30/06/2008 | Report at the Request of the Author |

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|----|--------------------------------------|--|--|---|-------------------------|--------------------|-------------------|--------------------|-------------------------------------|
| 20 | Customer Strategy | Easy@York Jane Collingwood | To consult members on the revised Customer Strategy and advise them of the proposed timeline for consultation with customers and final approval. The strategy will set the framework for the physical, organisational and business process design for identifying and responding to customers needs and delivering high quality customer-focussed service across all Council services in the new Customer Centre at Hungate | | CMT 09/07/2008 | EMAP 22/07/2008 | | | Report at the Request of Author |
| 21 | Tang Hall Area Asset Management Plan | Property Services Philip Callow | To ask members to approve the Area Asset Management Plan for Tang Hall which combines the strategic direction and priorities set by the Corporate AMP (which is in turn driven by the Corporate Strategy) with the priorities and requirements identified in the individual service plans and by the community at a local, location-specific level, setting out options for the way forward and timescales for delivery | | CMT 16/07/2008 | | EBS 22/07/2008 | EXEC 29/07/2008 | Report at the Request of the Author |

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

| | TITLE OF REPORT | RESPONSIBLE DIVISION/ REPORT AUTHOR | FOR DECISION/ INFORMATION | FIRST DEADLINE FOR REPORTS TO DIRECTOR & CHAIR OR EARLIEST DISTRIBUTION DATE | RMT/QCG/CMT DATE | EMAP | EBS | EXEC | COMMENTS/ GENERATED BY |
|----|---------------------------------------|--|---|---|-------------------------|-------------|-------------------|--------------------|-------------------------------------|
| 22 | Medium Term Financial Strategy (MTFS) | Finance Sian Hansom | To receive details of the council's projected financial position for 2009/10 to 2011/12. This report provides the context in which the 2009/10 budget will be set and the medium term financial position until 2012. As part of this process the report will provide recommendations relating the review report on future grant funding and clarify a number of key financial policy areas. | 06/07/08 | CMT 16/07/2008 | | EBS 22/07/2008 | EXEC 29/07/2008 | Report at the Request of Author |
| 23 | Medium Term Financial Forecast (MTFF) | Finance Sian Hansom | | 06/07/08 | CMT 16/07/2008 | | EBS 22/07/2008 | EXEC 29/07/2008 | Report at the Request of the Author |

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

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|----|--|--|--|---|-------------------------|--|-------------------|--------------------|---|
| 24 | Appropriation of Property | Property Services John Urwin | To appropriate and transfer properties between the Housing Revenue Account and the General Fund to ensure good governance and provide a corporate flexibility in the use of capital resources. The appropriations need to be approved for the financial year of 2008/09. | 05/07/08 | QCG 15/07/2008 | | EBS 22/07/2008 | EXEC 29/07/2008 | Report at the Request of the Author Deferred from the Executive of 20/05/2008 and 03/06/2008 to allow further preparation time |
| 25 | Risk Management Quarterly Monitoring Report | Audit & Risk Management David Walker | To provide CMT with progress on managing the agreed key corporate risks | 07/09/08 | CMT 17/09/2008 | | | | Business Cycle |
| 26 | Mid Term Monitor on Progress against the Internal Audit & Fraud Plan | Audit & Risk Management Quarterly Monitoring Report Max Thomas | | | | Audit & Governance Committee September 2008 | | | Business Cycle |
| 27 | Resources First Performance & Financial Monitor* | Business Management Sian Hansom | To provide Members with an update on current in-year progress relating to identified aims and key financial & performance indicators | | RMT | Corporate EMAP September 2008 | | | Business Cycle |

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

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|----|----------------------------------|--|---|---|-------------------------|--|-------------------|--------------------|--|
| 28 | Accounts Submitted for Write Off | Public Service Jenny Smithson | Members are asked to note uncollectable debts that have been written off under delegated powers and to consider writing off sums that exceed the delegated authority. | | | Corporate EMAP September 2008 | | | Business Cycle |
| 29 | Breaches & Waivers Report | Audit & Risk Management Max Thomas | | | | Audit & Governance Committee September 2008 | | | Business Cycle |
| 30 | IT Strategy 2007-2012 | IT&T Roy Grant | Members are asked to agree the strategic objectives for use of technology in the Council over the next 5 years which will drive our investment in IT | | CMT 03/09/2008 | | EBS 16/09/2008 | EXEC 23/09/2008 | Requested by Report Author Deferred from 23/10/07, 15/01/2008, 26/02/2008, 24/04/2008 & 17/06/2008 because of Acting Up Arrangements/Pressure of Work and to accommodate/include the outcomes of a recent external review of ITT Services into the Strategy |

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

| | TITLE OF REPORT | RESPONSIBLE DIVISION/ REPORT AUTHOR | FOR DECISION/ INFORMATION | FIRST DEADLINE FOR REPORTS TO DIRECTOR & CHAIR OR EARLIEST DISTRIBUTION DATE | RMT/QCG/CMT DATE | EMAP | EBS | EXEC | COMMENTS/ GENERATED BY |
|----|---|--|---|---|-------------------------|--------------------------------|-------------------|--------------------|-------------------------------|
| 31 | First Corporate Finance & Performance Monitor | Finance/Janet Lornie PIT/Peter Lowe | Provision of the latest forecast of the council's financial and performance position. Actions may be required to agree proposed amendments to plans, mitigation for identified issues and financial adjustments (such as allocations from contingency and virements) which are reserved to the Executive. | | CMT 24/09/2008 | | EBS 30/09/2008 | EXEC 07/10/2008 | Business Cycle |
| 32 | First Capital Monitor | Finance | Provision of the latest forecast of the council's financial and performance position. Actions may be required to agree proposed amendments to the capital programme and financial adjustments which are reserved to the Executive. | | CMT 24/09/2008 | | EBS 30/09/2008 | EXEC 07/10/2008 | Business Cycle |
| 33 | Efficiency Outturn Report | Finance Steve Morton | To update Members on the performance of the Council towards achieving its efficiency targets. | | | Corporate EMAP October 2008 | | | Business Cycle |
| 34 | Risk Management Quarterly Monitoring Report | Audit & Risk Management David Walker | To provide CMT with progress on managing the agreed key corporate risks | 30/11/08 | CMT 10/12/2008 | | | | Business Cycle |

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

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|----|--|--|---|---|-------------------------|---------------------------------|------------|-------------|-------------------------------|
| 35 | Second Resources Finance and Performance Monitor | Sian Hansom/ Penny Hepworth | To provide Members with a further update on current in-year progress relating to identified aims and key financial & performance indicators | | | Corporate EMAP December 2008 | | | Business Cycle |
| 36 | Procurement Mid Term Monitoring Report | Audit & Risk Management Quarterly Monitoring Report David Walker | To update Members on progress against the Procurement Strategy Action Plan and the Corporate Procurement Team Development & Work Programme 2007/08 | | | Corporate EMAP December 2008 | | | Business Cycle |
| 37 | Treasury Management Monitoring Report | Finance | To update Members on the performance of the treasury management function for the 1st seven months of the year and provide a projected outturn to 31st March 2008. | | | Corporate EMAP December 2008 | | | Business Cycle |

CITY OF YORK COUNCIL - RESOURCES FORWARD PLAN

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|----|---|--|---|---|-------------------------|-----------------------|------------|-------------|-------------------------------|
| 38 | Report on Progress on the Implementation of the New Financial Management System | Finance | To provide Members with an update on progress in implementing the new system across all departments of City of York Council | | | EMAP December 2008 | | | |

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Executive Member for Corporate Services and Advisory Panel

10 June 2008

Report of the Corporate Landlord

Review and Strategy for the Commercial Property Portfolio – Future Investment Strategy

Summary

- 1 Further to the full Review and Strategy Report approved by Corporate Services EMAP on 30 October 2007 and the Executive on the 20 November 2007, Executive resolved that a further report be brought back before the Executive Member for Corporate Services and Advisory Panel outlining the future investment strategy for the Commercial Portfolio. Council then resolved on 21 February 2008 that a report be commissioned to review the Commercial Property Portfolio and made available a budget to enable external consultants to be engaged if necessary.

This report therefore is to combine both aspects ; It reports back on the strategy outlined at Corporate Services EMAP and Executive, and gives options for allocating the budget made available at Council. It suggests two options for Member's consideration;

- a. To utilise the additional budget made available at Council in February to contribute towards the strategy outlined in principle at Executive in November , which is the sale of some secondary properties and reinvestment of the receipts, and
- b. To utilise the additional budget to appoint finance / property consultants to undertake a wider reaching review , including looking at investing in other than property

Background

2. The Commercial Property Portfolio Review examined the performance of each group of properties with reference to 6 commonly used benchmarks. Properties previously released for sale, in order to support the capital programme, were not affected. It focused on non-operational property, not directly linked to service provision (for example, the Shambles shops), but also made reference to operational commercial properties (example, Waterworld at Monks Cross). A summary of the main statistics is reproduced below, categorised against the approved objectives for holding the non-operational properties;

| | REASON/OBJECTIVE | MAIN STATISTICS |
|---|--|---|
| A | Generation of Revenue Income | £1.81m pa April 2005 – ie at the last 5 yearly valuation. It is rent net of direct management costs . This equates to a 3.% rise in Council Tax if lost. It gives a 6% return on the capital value. |
| B | To improve Asset Value and generate capital receipts | Asset value rose 36% 2000 ⇒ 2005 to £30m. Total returns, being capital growth plus rental income, average 80% 2000 – 2005. Inflation was 13% over this period. Benchmarks are 55% industrial and 78% retail for this period. Capital receipts of £1.2m were raised in 2006-07 for £27k pa rent loss. Receipts 2000-5 were £1.6m . £2m of sales are in hand. Commercial property has outperformed gilts and cash deposits – source Royal Institution of Chartered Surveyors Investment Property Report 2005 |
| C | To provide opportunities for small businesses and support the local economy. | The council have a diverse portfolio with many small properties at rents under £15k pa. Fishergate and Parkside business centres are being replaced with a modern facility at Clifton Moor, and a refurbished property at Hospital Fields Road. This category is typically the one where most councils hold their property assets. |
| D | To provide property for operational needs and partners | <ul style="list-style-type: none"> - 11 Flats above shops are managed by/for the Housing department. - 29 Castlegate has become a new HQ for the Youth Service. - 5-6 Kings Court is partly used for Environmental Health offices - 5 Silver Street is the City Centre Office <p>Although market rent is payable, and grants obtained separately, commercial properties also support the Citizens Advice Bureau, York Childcare, The Rathbone Training Centre and Housing Associations.</p> |
| E | To influence land use in the city | For example, retain the character of Shambles, retain Hospital Fields Road (Fulford Industrial Estate) for employment use, to participate in any future development at Layerthorpe Industrial Estate, and to input into Coppergate 2. |
| F | When it is in the Public Interest to do so | As approved by Members. Eg King's Manor, Shambles |

Operational commercial properties are held to;

- a) Support service delivery – eg Waterworld
- b) Generate revenue - eg Housing Estate Shops, and
- c) Keep Property in beneficial use – eg the Museums at Micklegate and Monk Bars

Total Revenue to services from such commercial lettings, excluding education lettings to nurseries etc, is about £1m pa.

3. In respect of the proposed strategy for the non-operational portfolio, to work towards the future investment strategy, it is recommended that the properties be considered in four groups, as follows:-

- a) **Secondary shops.** The portfolio is heavily biased towards secondary shops. As values in some areas may have peaked for the foreseeable future, and in order to attract new investment to the properties and reduce the council's cost of management, some properties could be considered for disposal. The full list of properties under this category is summarised in List A of Exempt Annex 1.
- b) **Ground leases at fixed or low rents.** In the right circumstances, the council could share in the extra value which is realised by merging the freehold and leasehold interests, often linked with development, so these properties could be disposed of if and when the opportunity arises. The full list of these properties is given in List B of Exempt Annex 1.
- c) **Property linked with service use or possible future service potential use.** These properties, for example the Citizens Advice Bureau at Blossom Street and the Youth Service at Castlegate, would be retained, unless subject to further reports. These properties are contained in List C in Exempt Annex 1.
- d) **Prime investment properties and those needed to support local business.** These are properties showing good rental and capital value growth and / or which meet the criteria for supporting employment / small businesses, therefore to be retained. They are given in full in List D in Exempt Annex 1.

4 The intention is that the Commercial Property Portfolio in the future would therefore comprise those properties which most closely meet the objectives for management of the portfolio which were approved in October/November, as given again in paragraph 2 above.

The criteria fit in to the Corporate Objectives to improve the actual and perceived condition of the City Streets and also to improve future employment prospects by retaining small business and employment land.

5 It is suggested that receipts from sales in Lists A and B could be reinvested into more suitable property, ie

- a) Modern, low maintenance, energy efficient and with good income and the prospect of future growth.
- b) Mainly in use classes B (office/industrial), C (hotel) or D (Leisure) in order to balance the portfolio, which is now mainly retail.
- c) Property that will support service provision in the future, having regard to Service Plan objectives and Area and Service Asset Management Plans.
- d) Property with future development potential, having regard to the Local Development Framework.

Purely investment property need not be situated within the City of York. Prudential borrowing could add to the available funds when the repayments are adequately covered by the rent receivable or costs saved.

Option for a wider review

- 6 Following the Council resolution on the 21 February 2008, the review can be widened to include looking at alternative investment strategies. Properties are capital assets, and a wider review would give a comparison between various ways of maximising the returns. To scope this wider review, council officers, including from accountancy and planning, have met with external financial consultants, and further options that are available to the council could include:-
- a) Sale of some properties and investing the receipts in cash, by shares or on financial markets – ie akin to Treasury management.
 - b) Seeking a private sector partner and setting up a joint venture company or companies to undertake development. Existing properties with development potential could be included plus cash from any sales. Such a strategy could also have regard to planning objectives.
 - c) Putting resources in to a property development syndicate or other investment vehicle.
 - d) Sale of some properties and utilising the receipts as an additional venture fund, inviting bids from all departments for resources that will give a payback in future savings or additional income.
 - e) Sale of some properties to invest the receipts in property or other assets more focused on the council's Corporate Objectives and policies.

A summary of the advice from external financial consultants is at Exempt Annex 3

7. It has been confirmed that it is not possible for the council to utilise the asset value to make pension fund contributions, as government consent would be needed and this is not available under current policy.

Consultation

- 8
- Executive Member for Corporate Services and Advisory Panel 30 October 2007
 - Executive 20 November 2007
 - Corporate Management Team 28th May 2008
 - Treasury Management Consultants. A summary of their comments is at Exempt Annex 3.

Options and Analysis

- 9 The options available for Members are recommended as follows:-

A) To carry on with the position approved in autumn 2007 and adopt the categorisation of the properties in Exempt Annex 1 giving delegation to sell and

reinvest to the Director of Resources, subject to consultation , with the exception of the properties contained in the second part of list B and those in lists C and D. The consultants budget approved at Council on 21 February can be partly utilised on a property by property basis for sales advice and acquisitions, condition surveys and other expenses.

Advantages;

- this can be pursued straight away
- existing Framework Partners can be used

Disadvantages

- other possible options are not fully considered

B) To put the process in sub-paragraph A above on hold pending a wider review by suitably qualified firms of finance and property consultants, which will include alternative investment strategies, including those options listed in paragraph 6 above.. The names of three organisations that could be approached for quotations to give this wider range of advice are listed in Exempt Annex 2. The selection of a consultant would be based both on the price and quality of their service.

Advantages;

- Allows a wider review to take place
- Makes full and immediate use of funding now available

Disadvantages;

- The time taken to commission and consider the report
- Use of funding in reporting rather than implementation

10 **Corporate Strategy 2007 – 11**

The measures proposed in this report would assist the following to priorities in particular:-

- a) To improve the actual and perceived condition and appearance of the city streets – by releasing some properties for investment by owners/occupiers and focusing resources on retained properties.
- b) To improve future employment prospects – investment in more B1 in particular will secure property for new and existing businesses.

Implications

Financial Implications

11 Full Council agreed on 21st February 2008 to invest money from revenue reserves to conduct a review of the commercial property portfolio. The funding has been

earmarked to be spent in 2008/09 financial year. The financial implications of the outcome of the review will be dealt with when the review reports its findings.

Human Resources

- 12 There are no HR implications. It is, however, intended to reduce the amount of time spent on day to day Property Management matters, to allow more time to be spent on Service and Area Asset Management Plans and their implementation.

Equalities

- 13 There are no equalities implications.

Legal

- 14 Any agreed sales of property can be delayed by the absence of title deeds in many cases, and the time taken to register title as a result. Several transactions at once may result in Framework Partners being used, and the costs thereof will need to be a charge against the project.

Crime and Disorder

- 15 There are no crime and disorder implications.

IT

- 16 There are no IT implications. All transactions will feature in the council's new Technology Forge Property Management Database currently being developed.

Property

- 17 Property implications are included within the report.

Other

- 18 There are no other implications.

Risk Management

- 19 The council's approach to this will be a key part in forming the eventual strategy. As with our Treasury Management, external consultants have advised that the returns from the council's property portfolio are fair and reasonable given that the council does not directly invest in risk taking development. Higher returns can be obtained from investments, both financial and property related, which involve the greater risk but this does mean that there is the chance that one or more investments may fail. The council's financial management is required to be "prudential".

Recommendation

- 20 That the Advisory Panel advise the Executive Member that the report be noted and Option B in paragraph 8 be approved, and that any surplus from the revenue allocation for the review be utilised towards the implementation.

Reason

- 21 So that the council's Commercial Property Portfolio may be modernised, made more efficient and may be aligned more closely to Corporate Objectives and service property needs for the future in response to the budget approved by Council.

Contact Details

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Report Approved



Date 8th May 2008

Specialist Officers

Tom Wilkinson
Corporate Finance Manager
Resources

Wards Affected:

All



For further information please contact the author of the report

Background Papers

The report to Executive on 20 November 2007.

Annexes

Annex 1 – Property Schedules

Annex 2 – Recommended Property & Financial Consultants

Annex 3 – Summary of Initial Advice given by Consultants regarding the Commercial Property Portfolio

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Executive Member for Corporate Services and Advisory Panel

10th June 2008

Report of the Director of Resources

RESOURCES DIRECTORATE YEAR END PERFORMANCE AND FINANCIAL OUTTURN - 2007/08

Summary

1. This report combines performance and financial information for the Resources Directorate for 2007/08. The performance element covers key and Council Plan indicators and projects, and the financial aspect deals with capital, revenue and Treasury Management variances.

Background

2. Performance and financial information has now been reported to Members twice for the Directorate during 2007/08, as well as being raised on a monthly basis at Corporate Management Team through the new dashboard system of reporting that has been introduced.

EXECUTIVE SUMMARY

Director's Overview

3. Generally speaking 2007/8 was a successful year for Resources. Considerable extra income was earned through subsidy and additional income was collected from housing benefits overpayments and Council Tax. These together with slippage on some key IT projects, staffing underspends and resolution of some Housing Benefit and systems related accounting issues have contributed to the financial outturn being just over £1.5m better than budgeted. This was in line with projections made in the second monitor at Christmas. There have also been notable improvements in
 - a) Processing time for new Benefits claims and changes of circumstances
 - b) Backlogs of work in Council Tax have now been eradicated, due to significant improvements made as part of the [Easy@York](#) programme
 - c) Significant budget savings have been made in revenues and benefits
 - d) The Danesgate pupil resource unit, Acomb library and Yearsley Pool refurbishment were completed by Property services, and have received acclaim and awards.

- e) The first area Asset Management Plan was completed in Tang Hall.
- f) IT reliability and availability was above most targets set and over 33,500 It service requests were handled with customer satisfaction above 90%
- g) 92% of the audit programme was completed and a shared audit service with the County has been developed
- h) The council has agreed a Competition Policy, a Sustainable Procurement Policy, a Strategic Procurement Programme and an Information Governance Strategy and action plan
- i) A Score of 3 (Good) has been obtained for both the CPA Use of Resources and the Benefits service.

The main negatives during the year were the increase in staff sickness, slippage on significant IT projects and the loss of key staff. Staff sickness was due entirely to increased long term sickness (short term sickness fell) and this was mostly due to illnesses requiring hospital treatment. The majority of these staff have returned to work, although some are still off sick and it is to be hoped that the long term sick figures for 2008/9 will be much improved. A significant number of key staff left during the year and this included 2 Assistant Directors. Unfortunately this trend is continuing in the current year 4 further departures of senior staff already. There are also areas where we are unable to recruit staff and are having to use agency and temporary cover. The main IT project slippage was with Framework I in social services and the Financial Management System (FMS) system in Finance, although a number of other projects did slip, partly due to the concentration of staff on the Easy Project and partly due to non IT staffing other departments not being ready to progress projects. Work is being undertaken to review how we can ensure better delivery of major IT development projects.

Financial Overview

- 4. The table below summarises the outturn position for Resources. This shows net expenditure for the Directorate of £4,554k compared to a budget of £6,090k, a total underspend of £1,536k. This is a variance of 2.3% compared to the gross budget of £67,646k.
- 5. The overall underspend is significant however there are a number of projects which have slipped and which will require budget to be carried forward into 2008/09 if they are to be successfully implemented. Paragraph 108 details carry forward requests of £660k which mainly relate to the FMS project and various IT&T projects. A high level analysis of the underspend shows that key contributing factors were
 - 1) work done to free up provisions made due to past uncertainty of recoverability of housing benefit overpayments and other debts on the SX3 and payroll systems £-360k
 - 2) Slippage on FMS and Framework I IT projects £-565k

- 3) Slippage on mobile working and Electronic Document Management System (EDMS) projects £-111k
- 4) Additional Benefits income from subsidy and collection £-971k
- 5) Additional Easy work at York Contact Centre and in Revenues and Benefits £+281k

| | Expenditure Budget £000 | Income Budget £000 | Net Budget £000 | Provisional Outturn £000 | Variance £000 | % |
|--------------------|-------------------------------|--------------------------|-----------------------|--------------------------------|------------------|-------------|
| Director | 453 | 23 | 430 | 260 | -170 | -37.5 |
| Public Services | 42,589 | 40,014 | 2,575 | 1,967 | -608 | -1.4 |
| Financial Services | 2,455 | 2,266 | 189 | -143 | -332 | -13.5 |
| Audit & Risk Mgt | 3,779 | 3,542 | 237 | 313 | 76 | 2.0 |
| IT&T | 5,437 | 6,043 | -606 | -856 | -250 | -4.6 |
| EASY Project | 2,423 | 720 | 1,703 | 1,621 | -82 | -3.4 |
| Property Services | 10,510 | 8,948 | 1,562 | 1,392 | -170 | -1.6 |
| Total | 67,646 | 61,556 | 6,090 | 4,554 | -1,536 | -2.3 |

6. The detailed variance analysis is shown in Annex 2 however key headline variances by service plan area are
- a) Public Services – A net underspend of £608k relates primarily to the review of the Council tax benefits subsidy, achieving 100% subsidy on Local Authority Error overpayments and a reduction in the bad debt provision for benefits. These have been offset by additional costs incurred on the benefits improvement work as part of the Easy Project (£+264k).
- b) Financial Services – This service shows an underspend of £332k of which £234k is due to slippage on the FMS project, and is the subject of a carry forward bid essential to fund the project implementation with the anticipated go live date early in 2009. Staff savings contribute to the balance of the underspend.
- c) Audit & Risk Management – An overspend of £76k includes a shortfall from the Yorkshire Purchasing Organisation (YPO) dividend of £40k
- d) IT&T - The underspend of £250k reflects a combination of projects being reprioritised, deferred or cancelled, and projects coming in under budget. There is a carry forward bid for £129k in respect of three projects, Voice and data managed service, Electronic Data Management and Mobile working.
- e) Easy Project – An in year underspend of £82k reflects the position against the current years programme, with funding for Phase 2 being held as a reserve balance. A carry forward bid for the underspend of £82k is required in order that the benefits integration and income collection projects may be finalised.

- f) Property – A net underspend of £170k is generated from several areas and which are detailed in Annex 2. There is a carry forward request of £50k to fund the business management review.

Analysis

7. The analysis of performance and achievement for 2007/08 is broken down to cover the five elements of Resources and includes performance headlines, headline detail and relevant financial information.

Customer First and Corporate indicators

Staffing indicators

Appraisals:

8. Of the 350 appraisals that should have been carried out for staff within Resources, 255 have been completed representing 72% of all appraisals. This is a 20% fall from the 06/07 outturn figure of 92%
9. There are varying reasons why target has not been met, but factors include staff absence due to long term sickness, staff turnover, prioritisation of other work particularly Job Evaluation and loss of some senior staff. A full breakdown of the figures appears in Annex 4.

Staff sickness

10. Sickness is measured across the Council through BVPI 12: The number of working days/ shifts lost to sickness absence.
11. The breakdown by Division is:

| | Overall Sickness (days) | Long-term Sickness (days) | Short term sickness (days) |
|--|--------------------------------|----------------------------------|-----------------------------------|
| Directorate | 10.99 | 5.72 | 5.27 |
| Director | 1.67 | 0 | 1.67 |
| Public Services | 9.81 | 2.39 | 7.42 |
| Audit & Risk Management (ARM) | 9.14 | 4.24 | 4.90 |
| Financial Services | 16.1 | 12.85 | 3.25 |
| Property Services | 8.13 | 3.65 | 4.48 |
| IT&T | 13.37 | 9.75 | 3.62 |

12. Overall, the Directorate lost 10.99 FTE days through sickness in the period 1st April 2007 – 31st March 2008. Of this, 5.72 FTE days were due to long-term sickness. Despite this, the 07/08 corporate target of 12 days per FTE

has been met and work will continue within service areas to reverse the direction of travel for 2008/09. More detailed information is provided in the ensuing paragraphs.

Days lost through Stress related illnesses

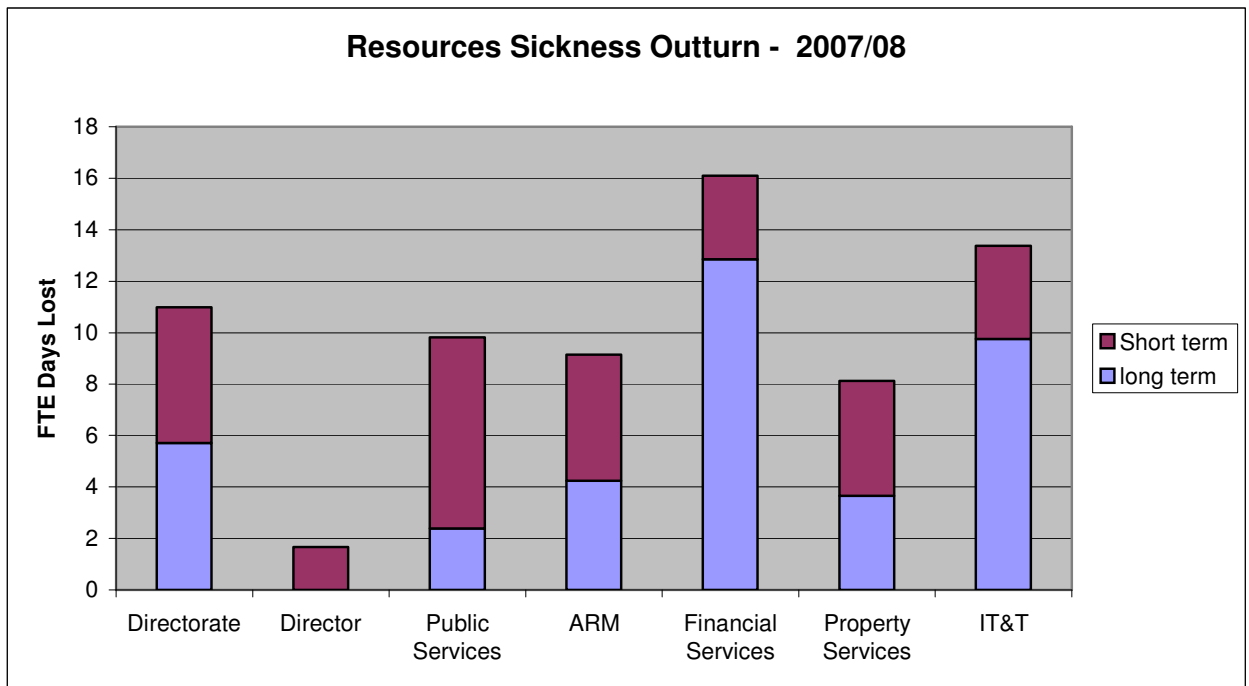
- 13. The number of days lost through stress related illness equates to 629.72 FTE days. This is 0.83% days lost, or 1.89 days lost per FTE.

Long Term sickness

- 14. Long term sickness within the directorate is of some concern but is often caused by staff being absent with serious illnesses that are outside our control. There have been 32 incidences of long term sickness within this monitoring period, but most members of staff have now returned to work.
- 15. There are three ongoing incidences of long term sickness.
- 16. When comparing types of sickness it should be noted that long term sickness is 52.04% of the overall sickness within the Directorate. This is far higher than it has ever been. A significant proportion of the long term sickness has been where staff have required hospital treatment and have had long recovery times afterwards due to the seriousness of their condition.

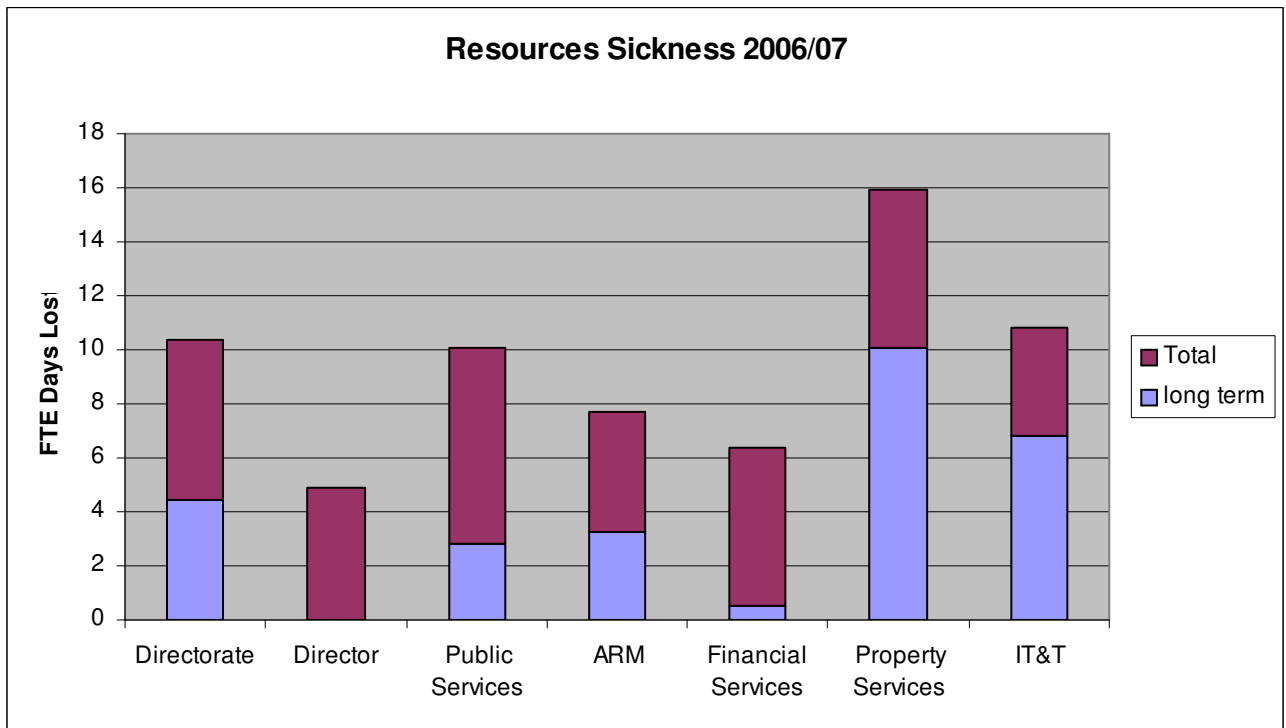
Comparisons

- 17. Overall sickness absence figures for 2007/8 are represented in the following graph, which also illustrates how heavily long term sickness influences the data:



- 18. The chart below shows the departmental sickness for 2006/07. Although the overall sickness is slightly lower than the present period – 10.38 FTE days

compared to 10.99 FTE days – it is worth noting that short term sickness has reduced from 5.97FTE days in 2006/07 to 5.27 FTE days in 2007/08.



19. Work to ensure greater accuracy of these figures has been built on significantly since 2006/07, and the Head of the Business Support group has developed a strong working relationship with central Human Resources to ensure that this continues.

Equalities

Male/Female Split

20. The average establishment for the period 1 April 2007 to 31 March 2008, based on the number of people employed, was:

| | Head Count | Percentage |
|------------------|------------|------------|
| Full time male | 149.50 | 40.46% |
| Full time female | 143.50 | 38.8% |
| Part time male | 9 | 2.44% |
| Part time female | 67.50 | 18.26% |
| Total staff | 369.50 | 100% |

Ethnicity

21. The table below shows the number of staff and a breakdown of ethnicity within the Directorate, with the percentage representation overall for the Directorate in brackets:

| | Total | Male | Female |
|-----------------|-------|------|--------|
| Number of staff | 380 | 161 | 219 |

| | | | |
|---------------------|--------------|--------------|--------------|
| White British | 369 (97.10%) | 153 (95.03%) | 216 (98.63%) |
| Other ethnic groups | 11 (2.90%) | 8 (4.97%) | 3 (1.37%) |

Starters and leavers

22. Information has now been made available on new colleagues joining the Directorate and established staff leaving. Measuring this trend may become particularly pertinent in the light of Job Evaluation, but at the very least provides a snapshot of resourcing and retention issues.
23. The table below shows figures for 1st April 2007 to 31st March 2008:

| Section | Starters | Leavers |
|--------------------|-----------|-----------|
| Public Services | 21 | 26 |
| Property Services | 2 | 6 |
| IT&T | 6 | 1 |
| Financial Services | 8 | 9 |
| ARM | 6 | 2 |
| Total | 43 | 44 |

Telephone calls

24. 925,557 external calls were made to Resources during 2007/08. Of this figure 664,993 were answered, 94.82% (611,609) of which were answered within 20 seconds.
25. This represents a marked improvement on the previous years performance of 88.63% overall for the Directorate and reflects the very significant improvements made in the Customer Contact Centre (YCC) during the year.
26. There are clear disparities among the number of calls received across divisions, purely because of the different types of service offered, some of which are not customer facing.
27. The overall totals per division are:

| Division | Answered calls | Answered within 0-20 seconds | % within 0-20 seconds |
|---------------------------|----------------|------------------------------|-----------------------|
| Director | 1,354 | 1,315 | 97.12% |
| Audit and Risk Mgt | 7,455 | 7,365 | 98.79% |
| IT&T | 21,115 | 20,824 | 98.62% |
| Property Services | 29,378 | 28,263 | 96.21% |
| Public Services, incl YCC | 554,927 | 523,545 | 94.35% |
| Finance | 30,764 | 30,297 | 98.48% |
| Resources Total | 644,993 | 611,609 | 94.82% |

Customer First

Stage 1 and 2 complaints, visitors seen and letters answered:

28. The measures and targets for letters and complaints responded to and visitors seen are as follows:
 - a) The percentage of Stage 2 complaints responded to and the problem solved within 10 working days (Target 95%)
 - b) The percentage of Stage 3 complaints responded to and the problem solved within 10 working days (Target 95%)
 - c) The percentage of letters responded to within 10 working days (Target 95%)
 - d) The percentage of visitors seen by an officer within 10 minutes (Target 100%)
29. The Directorate has 41,435 visitors during 2007/08, 98.53% of whom were seen within 10 minutes. This is a marginal fall of 0.59% from 06/07, however this remains a high level of customer service, especially when taking into account the volume of customers seen.
30. Of these visitors, a further 1,378 needed to see another member of staff and 100% of those people were seen within a further 10 minutes, maintaining the 100% records of recent years.
31. Resources received five Stage 2 complaints during this reporting period, four of which were dealt with on time. At 80%, this is a fall from previous performance, however the number of complaints also fell from 14 in 2006/07 which is a drop of 64.3%.
32. There were no Stage 3 complaints for the Directorate during this period.
33. Letters responded to within 10 working days exceeded the 95% target, performing at 97.34%, or 10,068 of the 10,343 items received answered on time. This is the second successive annual increase, and reflects a positive direction of travel.
34. All Customer First results show high or above target performance, and reflect the high levels of customer service delivery and standards across the Directorate.

Public Services

Performance headlines

35. There are some major successes to report this year:
 - a) Processing times for benefit claims have improved better than target
 - b) New claims are processed on average 17% quicker than last year
 - c) Change of circumstances are handled 20% quicker
 - d) Workloads outstanding are significantly lower

- e) Collection rates are better than last year – Council Tax up by 0.52% and Business Rates by 0.13%
 - f) York Customer Centre (YCC) call handling has improved - calls are answered quicker, service levels have been met and there are fewer abandoned calls
36. As of 31 March 2008 the number of Council Tax work items waiting to be processed was 1,137, down by 70% on the 31 March 2007 position of 3,831 items. Similarly, the number of new Housing and Council Tax benefit claims and changes of circumstances waiting to be processed showed a 53% reduction, down from 1,237 to 585 items.
37. The Council Tax team underwent a major change at the start of the year with the shift of telephone call handling and some transaction processing to a front office in the YCC.
38. A full suite of Council Tax e-forms was introduced in July 2007. The forms are completed by staff in the York Customer Centre (YCC) and by using a set of “adaptors” and business rules between the Customer Relationship Management (CRM) system and the main Council Tax database we now automatically process about 43% of all transactions. This automation means that a bill is produced without the need for any updating by the back office. The success of this process has been widely recognised and we have hosted a number of open days for other local authorities.
39. The Revenues Service undertook a full review of how it planned and managed the Annual Billing process and this resulted in bills being despatched over a 2 week period. In addition the YCC offered extended opening hours (from 8 a.m. to 7 p.m.) and the combination of these two factors enabled the centre to better manage the customer contacts that typically result from the Council Tax billing mail out. There was very little impact on the percentage of calls answered and the lowest service level on any one day was 70%, although this was the busiest day since the take on of Council Tax calls with nearly 600 answered.
40. Comparative figures from March 2007 and March 2008 also demonstrate the impact within the YCC:
- a) Reduced number of calls offered by 44% (23,597 calls)
 - b) Reduced number of abandoned calls by 96%, from 16.3% to 0.7%
 - c) Increased the percentage of calls answered in 20 seconds by 105%, from 46.7% to 95.7%
 - d) Reduced the average speed of answer by 83%, from 41 seconds to 7 seconds
 - e) Increased the average call handling time by 14%, from 1.39 to 1.59 seconds
 - f) Increased the number of service request cases by 42%, from 5,151 to 7,301
41. The York Customer Centre handled 410,535 calls across a number of services over the full year and of those answered 80% within 20 seconds.

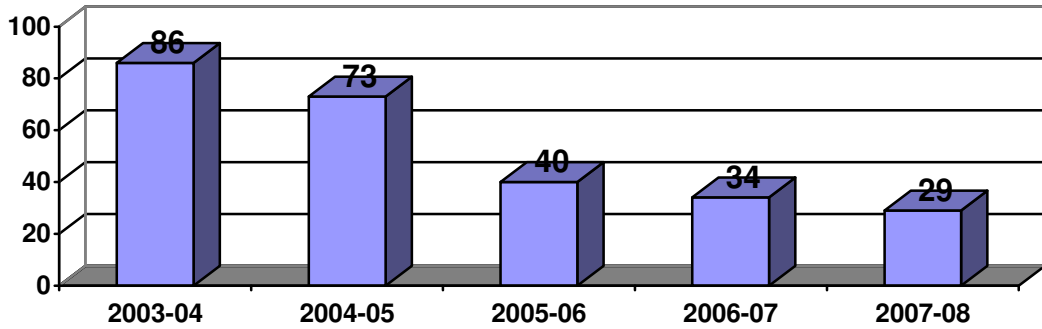
Over the last six months we have consistently met the Customer First target of 95%. Only 8.8% of calls were abandoned and a total of 79,125 cases were logged for service request. Of these request 96% were completed within the agreed Service Level Agreements – 98.91% within 1 day of the SLA.

42. Calls handling has improved. The amount of after call work (time spent competing the case after the call has ended) reduced by 26% over the year, from 130 hours in total in March 2007 to 33 hours in March 2008. The total volume of calls reduced by 30% in September 2008 following the launch of the new Interactive Voice Response (IVR) technology.
43. Since going live with the Council Tax services in 2007 the YCC has cross-skilled six additional team members from other services in the new processes, as well as developing the skills of the staff that transferred from Council Tax a year ago. This has enabled us to achieve the Customer First target of 94.9% calls answered within 20 seconds. We now handle 72% of Council Tax calls at the first point of contact.
44. The centre also handles payments for a range of services collecting £1.64m from nearly 13,000 transactions, up 97% on the previous year.
45. Two customer satisfaction surveys were conducted by the YCC. In both surveys 99% of respondents were either 'fairly' or 'very satisfied' whilst the second survey showed an increase in those 'very satisfied' from 79% to 93%.
46. The Benefits Service has exceeded its processing times targets (see below) and continues to work on re-structuring and re-engineering the business in conjunction with the easy@york programme.
47. There has been significant investment in resourcing the Benefits Reception to ensure that a high standard of customer service is maintained during the annual billing period. We have also trialled the processing of change of circumstance notifications at the point of receipt. This has proved extremely successful, with over 700 items processed in March, and will be used to inform the programme work on the new structure.
48. The service successfully managed the level of Housing Benefit overpayments classified as due to Local Authority error (usually as a results of delays in processing change notifications). The overpayments were some £60k below the threshold at which we would receive less subsidy. If the threshold had been exceeded it would have resulted in a subsidy loss of just over £100k.

Performance indicators

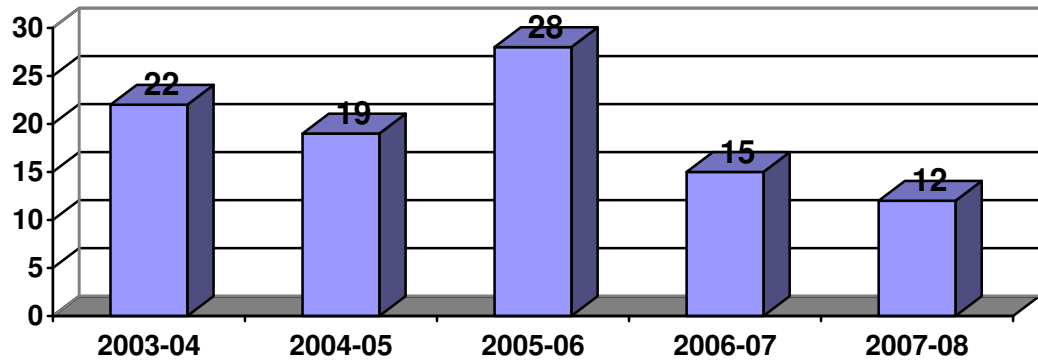
49. The processing of new claims (BVPI 78a) for Housing and Council Tax Benefit was ahead of target by 3 days, taking on average 29 days to process. This measure has seen considerable improvement over the last few years as shown below:

Average Days to Process New Benefit Claims

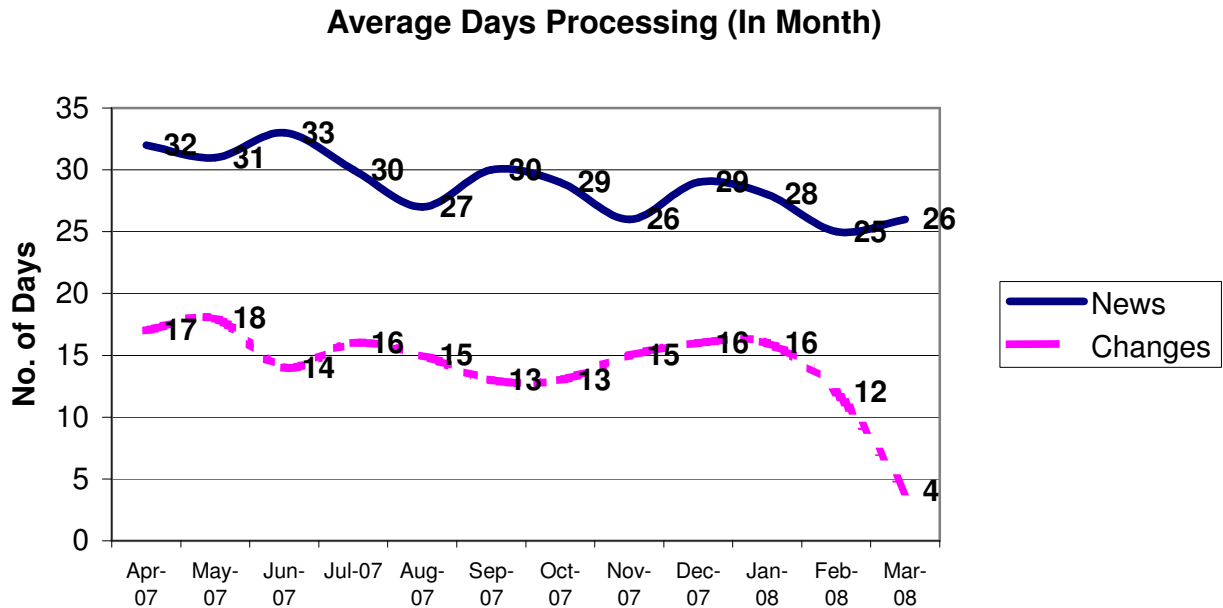


50. The number of days taken to process change of circumstances notifications (BVPI 78b) also exceeded target and improved on the outturn for 2006-07. We took an average 12 days, better than target by 2 days and 1 day quicker than last year. Improving our turnaround times for changes also helps reduce the incidence of local authority error overpayments occurring, which in turn has a positive impact on our subsidy budgets.

Average Days to Process Benefit Change Notifications



51. The improving trend over the last financial year is shown in the graph below which tracks the average days figures for claims calculated within each month:



52. This is the last year that we will report on these two average day measures. From 1 April 2008 the new National Indicator NI181 will report on the combined processing times for both new claims and change notifications. Underlying data suggests that we would have achieved 21 days in 2007-08 on this measure, the target for 2008-09 is 18 days and then 15 days the year after.
53. The measure of accuracy of benefits processing (BVPI 79a) improved too. Outturn was 98.6%, up from 97.8% last year. We supplement this measure with more detailed quality assurance work where 4% of all claim calculations are checked.
54. Of the three indicators that measure our progress in the recovery of housing benefit overpayments, one shows a drop in performance and the other two are little changed from last year. BVPI 79b(i) measures the recovery of overpayments identified during the year. The outturn was 60.85%, down from last year's 70.33%. The amount recovered increased by just over £20k as compared to the previous year. However, the level of debt jumped by nearly £172k. Claimant error (43%) and fraud (33%) account for the majority of overpayments created during the year.
55. Despite the drop in performance this year recovery is still significantly higher than in 2005/06 when only 36.29% was recovered. However, during 2008/09 we intend to address a number of issues regarding the recovery and monitoring of overpayments including a review of the management of this function, full staff refresher training and implementing some IT system enhancements.
56. BVPI 79b(ii) measures recovery of overpayments against those identified during the year and brought forward from the previous year – this was little

changed at 22.71%. The level of debts written-off was some £25k less than 2006-07 so consequently BVPI 79b(iii) dropped from 7.12% to 5%.

57. As part of the Council's Local Public Service Agreement a target was set (COLI 109) to increase the number of new claims (and increase the value of existing awards) of Housing and Council Tax Benefit, Pension Credit, Attendance Allowance or Disability Living Allowance for those aged over 60. For the period 2006-2008 a target of 2,840 claims was set. The Benefits Service established a temporary team who undertook targeted campaigns and produced publicity material which eventually led to gains of 1,773 claims, or approx 62% of the target. Unfortunately the shortfall means that the Council receives no reward for this target.

Council Tax and Business Rates

58. The collection of Council Tax (BVPI 9) and Business Rates (BVPI 10) continues to improve. Council Tax collection increased from 96.8% in 2006-07 to 97.3% in 2007-08 whilst Business Rates was up just 0.1% to 98.3%.
59. We also monitor the prior year arrears debt position and for Council Tax this reduced by £1.86m or 38% over the year. The overall net debt position is little changed - £4.99m was outstanding at 31 March 2008 an increase of £60k over the previous year's figure. The target for 2008/09 is to reduce prior year arrears by 42%.

Projects

| Work In progress | | Update on activities |
|------------------|--|--|
| a | Benefit improvement work as part of easy@york programme | Increasing skills set of all benefits staff after training needs analysis work. Provision of training resource and material from external supplier. |
| b | Improvements in administering Benefits Change of Circumstances and New Claims | Two main measures have improved. Further improvement expected in 08/09 following implementation of new technology (see a above), accepting change of circumstances over the phone and new customer appointments system. Work has started on developing an action plan to satisfy the Benefits Key Lines of Enquiry document from the Audit Commission. |
| c | Council Tax – additional e-forms automation | Work ongoing to automate some of the customer self-service e-forms (subject to matching business rules). Also planned enhancements to reporting programs to enable quicker data analysis. |

| | | |
|---|--|--|
| d | Performance Monitoring | <p>Business Management team working on enhanced monthly reporting and developing a dashboard for council tax, benefits and YCC.</p> <p>Changes to the way we submit benefits data files to the Department of Work and Pensions (DWP) in testing phase.</p> <p>YCC working to improve regular communications to a wider group of Members</p> |
| e | Benefits - Equalities Issues | Further development of ethnic group monitoring required. Equalities Impact Assessments needs to be completed. |
| f | Improvements in administering benefit overpayments and appeals | These work areas recently subject to external review by the DWP's Performance Development Team. Their recommendations will need to be costed and agreed. |
| g | Improving service quality within the YCC | <p>Plans to extend opening hours and pilot Mon-Sat opening for 3 months.</p> <p>Introduce Call Quality Framework.</p> <p>Mystery Shopper initiatives with partners in North Yorkshire</p> <p>Working towards compliance and accreditation of the Local Government Performance Framework, Contact Council Blueprint and Customer First</p> <p>Ongoing multi-skilling to cover Council Tax service</p> <p>New services and structure to support easy@york phase 2 and other new services</p> <p>Joint working with Neighbourhood Services to review end to end processes</p> <p>Remaining staff to complete NVQs</p> <p>Finalise progression matrix to develop staff skills and knowledge</p> <p>Satisfaction surveys to include Neighbourhood Services</p> |

Financial information

60. Following the reported underspend at monitor 2 of £349k, the position within Public Services has changed further to a reported underspend of £608k.
61. As reported in monitor 2 the main underspend is due to the review of the Housing and Council Tax benefits subsidy (£-314.2k), taking into account a reduced bad debt provision (£-350.8k) and also the much improved collection of Overpayments (£-53k). In addition there is an underspend of £-97k within Housing benefits against the budget, due to 100% subsidy on Local Authority error overpayments where we are performing well below the thresholds. This has been offset by an increases in eligible overpayments and expensive B&B costs where we only receive a set amount of subsidy from the DWP.

62. Additional costs have been incurred as a result of the Benefits improvement work as part of the [Easy@York](#) programme, this has been a combination of additional Housing Benefit Support (HBS) agency staff costs (£+25k) in house Easy project staff costs (£+152k) and software enhancements (£+33k). Further costs are anticipated in the early part of 2008/09 on the provision of training and a carry forward request for £20k is requested. The Specialist queue management software has not been implemented and a carry forward request for £50k is being made so that this work can be completed in 2008/09 in preparation for the move to Hungate.
63. This has been a successful year for the York Customer Contact Centre, which has made continual improvements to its services over the year including additional Easy project work on technical telephony (£+79k). Staffing and training costs have overspent against budget (£+50k) due to the increasing complexity of the new services being incorporated.
64. There are other minor variances within Public Services which are detailed in Annex 2.

Property Services

Performance headlines

65. Danesgate School – Development of a sustainable timber-framed teaching environment including a wood-pellet biomass boiler, completed. Winner of the Green Apple Award for environmental achievement. (£2m)
66. Acomb Library 'Explore', completed within budget (£700k) and ahead of time. Including a wood-pellet biomass boiler. Yearsley Bridge Pool refurbishment completed to very tight timescale (£1.0m). Winner of a York Design Award on 15th May.'
67. Energy and Water Management Group (EWMG) - a cross-Directorate group focussed upon establishing policies, protocols and an action plan for the management of energy and water usage by the council, operating within the council's corporate Environmental Management System (EMS)
68. Contributed to the successful bid for funding to support the re-development of the St Clements Hall development (£1m)
69. Established the first Area Asset Management Plan at Tang Hall and identified Acomb and Leeman Road as the next two areas.
70. Achieved capital receipts of > £7m – including the Osbaldwick Lane Field, Lidgett Grove, Hebden Rise, Bonding Warehouse, Strensall Youth Club, 2 High Petergate and 3-4 Patrick Pool
71. Gone live with the new Technology Forge property database and successfully migrated data from the old Britannia system to the new.

72. Hungate new headquarters feasibility study and subsequent design development through to Royal Institute of British Architects (RIBA) Stage D (scheme design) and a subsequent planning application in May 2008.
73. Completion of a strategic review and business case for a proposed Facilities Management strategy for the new accommodation portfolio, with a recommendation that the strategy will be operated on the basis of a Total Facilities Management (TFM) /Bundled approach.

Performance indicators

74. Property Services achieved 88% of the capital receipts target, the outstanding disposal was subsequently completed in April 2008.
75. The council's relatively low investment in maintaining its buildings together with the Comprehensive Performance Assessment (CPA) requirement to complete condition surveys has caused a significant rise in both the percentage and value of buildings needing urgent repairs.

| Description | 06/07 perf. | 07/08 Target | 07/08 result |
|--|-------------|--------------|--------------|
| BVPI 156 - %of buildings open to the public with access for the disabled | 83% | 85% | 87% |
| COLI 51 - % of target capital receipts received in the year | 106% | 100% | 88% |
| COLI 52 - % of Council floor space vacant for more than 12 months | 0.15% | 1.25% | 0.16% |
| COLI 67 - % of local authority buildings needing urgent repairs | 11% | 10% | 27% |
| COLI 68 – Value of outstanding urgent/ essential repairs to council buildings | £12,773,833 | Not Set | £18,990,468 |

76. Outstanding repairs to educational properties have risen by £6.3m. This will reduce in future years when major projects at Joseph Rowntree Secondary School and York High School are completed. Other property sector increases have been offset by the recent investment at Yearsley Pool.

Projects

| Work In progress | | Update on activities |
|------------------|---|---|
| a | Capital Programme | <p>Projects on site: York High, Tang Hall Phase3; Fulford 6-classroom extension; Haxby Road and Poppleton Road school extensions; Burton Stone Lane lift and alterations; Willows changing place</p> <p>Design stage: Silver Street toilets and changing place; Oaklands Pool; Scarcroft School Learning Resource building; Stockton on forest refurbishment and alterations.</p> <p>Pre-design stage: Clifton-Rawcliffe Primary School</p> |
| b | Yearsley Bridge/ Huntington Road Day Centre. | Closedown and demolition works being planned |
| c | Area Asset Management Plans | Acomb (North and South); Leeman Road; Clifton Without and Rawcliffe. |
| d | Service Asset Management Plans | Commercial Portfolio review – implementation and development of initial plan, Young People’s Service, Older People’s Care Provision, Parks & Open Spaces, Car Parks, Community Centres and Neighbourhood Services |
| e | Property Database and Asset Register Development (tf) | Developing Capital Valuation system which will integrate with new FMS system. Developing access to floor and site plans through property database. |
| f | <p>Hungate Land assembly:</p> <ul style="list-style-type: none"> • Relocation of the Ambulance Service, and the Peasholme residents • Demolition of the Ambulance Station and the Peasholme Hostel • Closure of the car park and subsequent phase 2 archaeology on the site <p>Completion of the new Homelessness Hostel at Fishergate</p> | <ul style="list-style-type: none"> • Final Negotiations with the ambulance service underway • Temporary relocation of the Peasholme residents to meet the project timescale for land assembly • Tender for archaeology awarded • New Hostel at Fishergate due for completion November 2008 |

| | | |
|---|--|--|
| g | Preparation of the planning application for Hungate | <ul style="list-style-type: none"> • Application to be registered end of May 2008 • Planning Committee scheduled for September 2008 |
| h | Ongoing space planning | <ul style="list-style-type: none"> • Phase 1 space planning review July 2008 • Phase 2 June 2009 • Final Phase 3 March 2010 |
| i | Maximum Target Price for Hungate Headquarters | <ul style="list-style-type: none"> • RIBA Stage D (Scheme design) through to RIBA Stage K (Operations on site) |
| j | Outline planning applications to support the sales of Ashbank, Hollycroft, Yearsley Bridge | <ul style="list-style-type: none"> • Framework planning consultants commissioned to undertake this work |
| k | <ul style="list-style-type: none"> • Facilities Management-Scoping exercise • Preparation specification /brief for new accommodation portfolio | <ul style="list-style-type: none"> • Recruitment - Development Officer for FM • Procurement of FM Consultants |

Financial information

77. Property Services has a net underspend of £170k. The main reasons have been the overachievement of the commercial portfolio (£118k) and lower than budgeted energy costs and costs of dealing with surplus properties (-£43k).
78. Of the £170k, £50k of carry forward is requested to enable completion of the review to improve business efficiency, work planning and communication.

IT&T

Performance headlines

79. The department continues to provide a secure, robust, scalable and highly available ITT infrastructure including corporate and departmental systems. It has exceeded most existing agreed service level targets for 2007/08 and has raised certain targets for 2008/09 and beyond.
80. The department received approx 33,500 requests for service during 2007/08 and satisfaction with the resolution of calls continues to exceed 90%. The overall satisfaction with the total portfolio of services provided by ITT is an impressive 91.16%.
81. The department successfully delivered a number of high profile and high-risk infrastructure projects supported by the introduction of governance controls that underpin current and future Council wide Service Delivery. These included:

- a) Successfully moving a number of the Business Systems data, including the Council's Integrated Revenues, Benefits and Housing system, over to a more flexible and robust information storage platform with no disruption to the customer base.
 - b) Further improved departmental system recovery services by expanding the use of a more effective back up process enabling the support teams to reduce the restoration time taken to recover from a failed Business System scenario.
 - c) Successfully installing a new antivirus solution for all the Corporate and Departmental Business Systems that provides a more effective level of antivirus protection without impacting upon the performance of the System itself.
 - d) Implemented a new secure email service that encrypts the information to ensure the secure transfer of information to recipients outside of the Council.
 - e) Successfully upgraded the capacity of the network link between 4 Museum Street and 10/12 George Hudson Street (GHS). This provides improved infrastructure services for the departments customers and further improves data recovery times and business continuity facilities.
 - f) Successfully installed a new Corporate anti spam solution that provides a more effective level of protection without impacting upon the performance of the email delivery service.
82. The department has worked on a total of 36 development projects during the year, of which 16 were from the 07/08 IT Development Plan process and 20 were already in progress from previous years and these included the longer term multi year projects.
83. The department has successfully completed 76% of the 07/08 IT Development Plan projects that were planned for in year completion.
84. The breakdown of the 22 projects open or active at the outturn of 2007/08 is as follows;
- a) 11 are multi year projects and were not planned to be complete in year
 - b) Three are behind schedule because of complex procurement/commercial discussions
 - c) Three are late because of change in business requirements that generate a re-assessment
 - d) One is behind schedule because of technical issues
 - e) Three are late to insufficient resource availability from the business
 - f) Two were cancelled due to changes of the original business requirements

85. An additional 37 requests for Business Development team Support resource time were received during 07/08 to meet new business or legislative priorities.

Performance Indicators

86. Although IT&T have a single Council Plan indicator, they have developed a robust suite of local indicators to map service performance. Some of the key ones are listed below and highlight the high levels of service achieved by the department.

| Description | 07/08 Target | 07/08 Actual |
|---|--------------|--------------|
| Number of high priority calls resolved within the SLA of 0-6 hours. | 90% | 73.15% |
| Number of medium priority calls resolved within the SLA of 3 working days | 85% | 89.56% |
| Number of std priority calls resolved within the SLA of 5 working days | 85% | 97.84% |
| COLI 71 – % of time that the Council's ITT systems and corporate network infrastructure is available during the core business hours Mon/Fri 8am-6pm | 99.30% | 99.88% |
| % of time that the Telephony services is available during the core business hours Mon/Fri 8am-6pm | 98% | 99.88% |

Financial Information

87. ITT is a very complex and dynamic area with a budget of £5.2 million and there are over 130 different active cost centres to manage.
88. There were 72 IT development projects and development activities worked on during 2007/08. Project completion is dependent upon a host of factors including staff resource availability from across the Council, the impact of changing priorities within the associated business areas and procurement negotiation activities. All of these can and do have a major impact on the ability to deliver to original timeframes and planned budget.
89. At monitor two the Department was reporting an underspend of £115k, at outturn this has increased to £250k, and this equates to 4.6% of budget.
90. Of the £250k, £129k of carry forward funding is requested to enable completion of the following work that is in progress:
- a) £18k to complete the externally provided consultancy work necessary to scope and deliver maximum benefit from a corporate Voice and Data managed service contract that is scheduled for replacement in November 2008. The current services are provided through 3 contracts negotiated separately within different directorates and the work being undertaken to consolidate these contracts into one are expected to deliver financial and contractual management benefits to the council and fund the internal network for Hungate
 - b) £62k to provide specialist project management and consultancy resource that is necessary to scope and deliver a corporate Electronic

Document Management Service to the council. This is a complex project encompassing not only the technology requirements but also the cultural and logistical issues that must be addressed to ensure that the authority has the required system in place prior to the move to Hungate in 2010.

- c) £49k to help fund the delivery of the Kirona/Vodafone Corporate Mobile solution work. This vital set of services will enable the authority to fully exploit the potential opportunities of flexible and mobile working technologies and culture and, as above, is necessary to deliver assumptions that have been made as part of the Accommodation review.

91. The remaining £121k underspend is the net result of a complex number of activities that are summarised at Annex 2.

Easy Project

Performance headlines

92. Since go live in February 2007 we have seen: -

- a) Still achieving 99% of customers satisfied but an increase in the higher level of “very satisfied” to 93% of the respondents from 90% in the higher category last time;
- b) £307k of efficiencies, cashable and non cashable savings
- c) A further £350K of ongoing annual savings planned from Phase 2
- d) 88% reduction in complaints in 2007/8.
- e) Speech recognition technologies handling 25% of telephone contact
- f) 72% of Revenues transactions handled entirely at point of customer contact
- g) 96% of all service requests completed within SLA – 98.91% completed within 1 day of the SLA (up from 92% last year) – this was on a total number of 79,215 Service Requests processed;
- h) Transactional web site with 14,013 transactions processed
- i) £1.6m of payments have been taken via the electronic transactional web/CRM in the past twelve months, up 97% on the previous year.
- j) The new web-site experienced 1,388,590 visits over the course of the year at an average of 3,793 per day representing 990,930 visitors;
- k) Council Tax call answering at year end billing time (for the months of March and April) radically improved – 91.4% calls answered in 20 seconds (representing a total of 11,333 calls answered within 20 secs) as against just 23.3% last year (representing just 2,622 calls answered within 20 secs). During that period the abandoned call rate was just 0.7% this year compared to 39.3% last year.

Financial overview

93. The [Easy@York](#) Programme has a reported underspend of £81.3k which is the variance against the current years activity. Some projects have slipped

(Benefits Implementation, Income Collection) and therefore the reported underspend is requested to be carried forward into 2007/08.

94. Funding available from Local Public Service Agreement (LPSA) grants of £1.39m and which has not been required by the Easy Phase 1 programme is being held on reserve and will contribute towards the funding of Phase 2.

Audit and Risk Management

Performance headlines

95. The Division has continued to build on the successes of the last few years, providing high quality, low cost, customer oriented services which serve to uphold and protect the corporate needs and interests of the Council and the wider community. Particular performance high-lights in 2007/08 include:
- a) the adoption of the Competition Policy, Sustainable Procurement Policy and Strategic Procurement Programme further to the publication of the Corporate Procurement Strategy and accompanying 3 year action plan for the on-going development and improvement of procurement practice at the Council;
 - b) the achievement of 92% of the annual audit programme for 2007/08 (compared to the industry standard target of 90%);
 - c) the successful on-going development of the shared service initiative with NYCC to provide Audit & Fraud services across north Yorkshire (a specific report on the next steps in progressing to go live during the remainder of 2008/09 is included elsewhere on the agenda for June Corporate Services EMAP);
 - d) the completion of approximately 87% of the Corporate Governance work programme, that included the adoption of a number of key infrastructure improvements and innovations such as the adoption Council's corporate Code of Governance by Audit & Governance Committee on 21 September 2007;
 - e) the review of Internal Audit Service by the Audit Commission which found that the service met the new Code of Practice standards (a composite of challenging professional service competencies that were introduced nationally in January 2007) and that the service had much to commend it;
 - f) a significant reduction in breaches of financial & procurement regulations as reported to Audit & Governance Committee on 21 September 2007. This improvement is strongly linked to the excellent progress made over the last 3 years to strengthen the Council's internal control arrangements and governance infrastructure and is viewed as a very positive step forward in helping the organisation to avoid the kinds of unnecessary risks and costs associated with the possible consequences of non-compliance;

- g) a score of 3 (Good) given in respect of the 2007/08 CPA Use Of Resources assessment by the District Auditor, compared to a score of 2 (Adequate) in 2006/07;
- h) continuing trend of improvement noted through the CPA Use of Resources (UOR) assessment for all ARM services from 1s and 2s in 2004/05 (first year of the UOR assessment) to 3s and 4s in 2007, the most improved being internal audit which has moved from 1s and 2s to consistent 4s across the piece in the last 3 years. The Council has also been recognised for the first time as a site of 'notable practice' by the District Auditor in respect of the arrangements for promoting fraud awareness and counter-fraud work;
- i) a comprehensive Information Governance Strategy and medium term action plan setting out a new policy framework and associated change management programme needed to support the Council's move to one site operations at Hungate;

Performance indicators

96. The Division is responsible for three Best Value Performance indicators relating to Housing and Council Tax Benefit fraud investigation services. Year to date performance is as follows:
- a) BVPI 76b – year end performance (0.49) is slightly below target caseload ratio (0.50) which is directly related to an 1.5% increase in claimant numbers compared to 2006/07 in the absence of a corresponding increase in Fraud Investigation resources compounded by other resourcing pressures including vacancies and the long term sickness absence of one investigator during the latter part of the year;
 - b) BVPI 76c – year end performance (43.20) is below target expectations of 45, affected in the same way as BVPI 76b by an increase in demand and resourcing pressures;
 - c) BVPI 76d – year end performance (3.96) was well below target expectations of 4.9 reflecting the impact of resourcing issues within the team during the year.

Projects

| Work In progress | | Update on activities |
|------------------|---|---|
| a | Development of the Supplier Contract Management System | Work continues and has been re-programmed to dovetail with the implementation of the new financial ledger during 2008/09. |
| b | Shared service initiative for Audit & Fraud services in partnership with NYCC | Members approved outline business case and wholly owned company vehicle |
| c | Development of a 3 year medium business plan for the Division | Work on this has been suspended subject to the outcome of e/ above |

| | | |
|---|-------------------------|---|
| d | CPA UOR 2008 assessment | The 2008 self assessment has been completed and submitted to the Audit Commission for their review. It is expected that initial indicative scores will be discussed with officers in September 2008 and finalised in late autumn. |
|---|-------------------------|---|

Financial overview

97. Audit & Risk Management has a net overspend of £76k compared to the forecast overspend at monitor 2 of £104k. The main reason for the reduction against monitor 2 figures is that the anticipated fee increases from the Audit commission were avoided.
98. As previously reported the main reason for the overspend is the shortfall of income relating to the Yorkshire Purchasing Organisation dividend (£+40k). The additional pump priming expenditure on fraud and investigation activities, and procurement consultancy have largely been offset through holding staff vacancies and an increase in fee income.

Financial Services

Performance headlines

99. 2007/08 has been another successful year for Financial Services. In addition to achieving the deadlines for budget setting, closedown and reporting, we have selected a contractor for the financial replacement system and have negotiated a settlement on equal pay across the council. The payroll team have also provided ongoing significant support to the Job Evaluation process.
100. Since the second monitor the Accountancy section have again focussed on the need to agree a balanced budget for 2008/09 to 2010/11. This was achieved at Full Council on 21 February 2008.
101. This year the involvement with the budget process was even greater than in previous years because of the work undertaken with all the political groups in advance of, and during, the Budget Council meeting, to ensure that budget amendments are properly constructed and financially sound.
102. Financial Services is leading the replacement of the Council's financial systems and the transport project, has a key input into the job evaluation and equal pay process and is supporting key corporate projects such as the Admin Accom and Carbon Management Project. All of these are placing substantial pressures on the section, alongside the vacancy of the Head of Finance post for a critical period during the budget process.
103. Financial Services is also responsible for the Council's treasury management function, the performance for which is reported elsewhere.

Performance Indicators

104. The service is responsible for one indicator, BVPI 8, the percentage of invoices paid by the council within 30 days of receipt.
105. The target of 95% has not quite been achieved and performance has decreased from 93.29% in 2006/07 to 92.82% in 2007/08. This has arisen as

a result of more detailed controls being introduced and monitored. To put this into context, of the 77,104 relevant invoices processed by the Council during the last financial year only 5,171 were not paid within 30 days of their receipt, and in many instances this failure was only by a small number of days.

Projects

| Work In progress | | Update on activities |
|------------------|--|---|
| a | Statement of Accounts | Over recent months work has been underway to make the changes required to adapt to these changes and this will continue until the accounts are presented to Members in June. There have been some technical accounting changes that will require additional presentation of issues in 2007/08 accounts Closure of 2006/07 accounts on schedule and with an unqualified audit opinion |
| b | Job Evaluation/ Equal Pay | Managing the development of affordable solutions has taken a major staffing input at a senior level. Work is ongoing to implement changes if the staff ballot supports the changes. Agreements in respect of equal pay have been heavily supported by financial services teams |
| c | FMS Project | With the appointment of a new Project Manager the implementation process has commenced following the selection of the contractor. It is anticipated that the replacement system will go live in January 2009. |
| d | Transport Review | External consultants Kendrick Ash are currently drafting their findings on the outcomes of this review. |
| e | Oversight of major projects for final accounts | The service is currently undertaking a number of reviews to ensure that key projects such as Job Evaluation are properly accounted for in the 2007/08 statement of accounts. |
| f | Income Collection | The service is managing key aspects of the review of income collection policy and procedures across the council. A draft income collection framework policy is currently under consultation |
| g | Sickness Issues | HR policies and processes are being followed to reduce sickness levels, and in particular dealing with long term sickness which has been identified as a priority issue. |

Financial information

106. An underspend of £332.3k is being reported for 2007/08 outturn, this relates primarily to the slippage of the FMS project due to a longer than expected procurement process. In order to bring the introduction of this project to a successful conclusion It is requested that the underspend of £234.5k is carried forward into 2008/09.
107. The remaining underspends have arisen due to savings on staff vacancies in the Accountancy team (£-64k) and due to staff being seconded to support the

job evaluation project from Payroll (£47.5k). Additional costs of £14.2k have been incurred on the budget consultation process.

Carry Forward Requests

108. There are a number of carry forwards due to slippage on projects which are detailed in the table below.

| | £'000 |
|---|--------------|
| <u>Financial Services</u> | |
| Project slippage on replacement Financial Management System. | 234.5 |
| Income Collection project - further process work is required and following this there will be the implementation costs of the policy. | 45.0 |
| <u>Audit & Risk Management services</u> | |
| Set up costs for the new shared service vehicle. | 15.0 |
| Additional Resources to fund work on the competition strategy | 35.0 |
| <u>IT&T Projects</u> | 129.0 |
| Corporate voice and data managed service - £18k | |
| Consultancy work to scope & deliver maximum benefit from the Corporate Electronic Document Management Service - £62k | |
| Delivery of the Kirona/Vodafone Corporate Mobile solution work. - £49k | |
| <u>Public Services</u> | 50.0 |
| Specialist Queue Management technology to be piloted in preparation for the move to Hungate. | |
| Ongoing Benefits improvement work and provision of training as part of Easy @ York Project. | 20.0 |
| <u>Property Services</u> | |
| Business management review to improve business efficiency and work planning | 50.0 |
| <u>Easy Project</u> | 81.5 |
| To support mobile working, income collection, and benefits implementation projects. | |
| Total Carry Forward requests | 660.0 |

109. In addition there is a request for a corporate carry forward of £50k in respect of slippage in the IT Development plan for project staff. This will be considered by the executive as part of the Council wide year end monitor report.

Capital Programme

110. The Resources approved capital programme totals £6,062K with total expenditure for 2007/08 of £3,568k, representing a variance against budget of £2,494k. Details of the variances appears in Annex 5.
111. The main reasons for the underspend are associated with the slippage on the Admin Accommodation project (£-934.9k) and Slippage on the IT Development plan (£848.7k).

Options

112. That Members choose to support all, some or none of the carry forward requests.

Analysis

113. If Members were not to support the carry forward requests as laid out in this report this would put additional pressure on budgets in 2008/09 and a number of initiatives would not be able to proceed as planned.

Corporate Priorities

114. This report supports the priorities of the Corporate Strategy as follows:
- Improve our focus on the needs of customers and residents in designing and providing services
 - Improve the way the Council and it's partners work together to deliver better services for the people who live in York
 - Improve efficiency and reduce waste to free up more resources

Implications

Financial

115. There are no financial implications other than those laid out within this report

Other Implications

116. There are no significant human resources, equalities, legal, crime and disorder, information technology or property implications within the report.

Risk Management

117. Risk Management is a key issue and risks in this report have been highlighted in the various different service areas.

Recommendations

118. The Advisory Panel is asked to note and comment on the financial and service performance reported, and advise the Executive Member to:

- Note the year end financial situation
- Note the improvement in performance achievements and comments
- Approve the carry forward requests to go forward to the Executive

Reason – in accordance with budgetary and performance monitoring procedures

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Report Approved **Date** 29/05/2008

Specialist Implications Officers: None other than those included in the report

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Documents referred to include back catalogues of Council Plans, the Resources year end report 2006/ 07 and mid term monitor reports.
Budget monitoring files held within City Strategy Finance

Annexes:

- Annex 1** – Service Plan monitoring reports
- Annex 2** – Revenue Budget variances
- Annex 3** – Resources performance tables
- Annex 4** – Appraisals indicators
- Annex 5** – Capital Programme 2007/08 variance report
- Annex 6** – Directorate priority updates

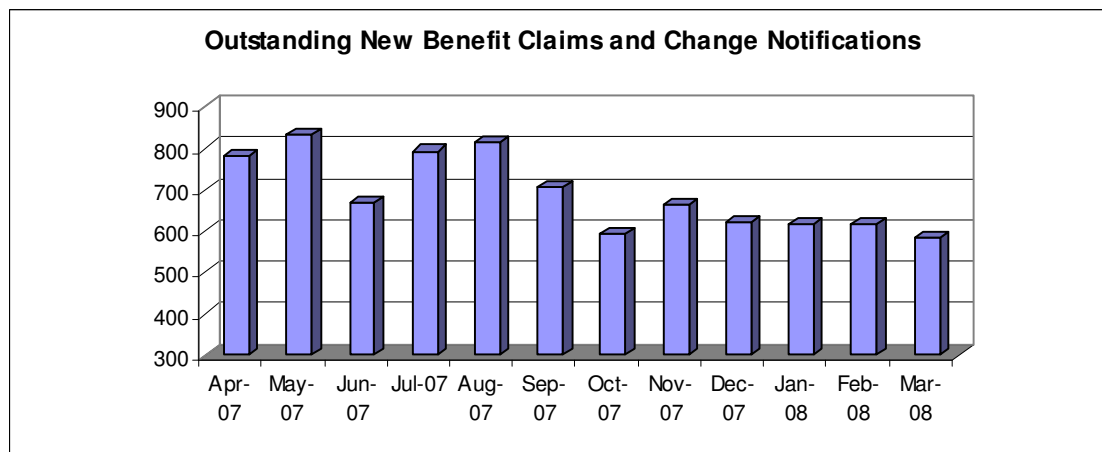
**SERVICE PLAN MONITORING
2007/08 Progress Updates for outturn**

Public Services

1. Achievements

Benefits

- a) The Local Housing Allowance (LHA) scheme was implemented in accordance with the DWP's requirement, going live on 7 April 2008. This followed an extensive programme of publicity for tenants and landlords (including leaflets and public meetings), liaison with the voluntary sector, staff training and IT system testing.
- b) As part of the LHA implementation we promoted the payment of Housing Benefit by Direct Credit as opposed to cheque. We now pay benefit to 68% of claimants directly into their bank accounts.
- c) As new processes have been implemented and incoming work better managed this has led to a general reduction in the amount of work-in-progress at any given time and improved processing times. Charts showing the improving workload situation for Benefits are shown below



- d) Following the conclusion of a joint initiative between the Business Management team and Central Accountancy we have improved the monitoring of benefit subsidy and re-aligned the budgets. Detailed monthly management reports are now produced showing loss areas and projected over/under spends across the total of £37.7m subsidy that the Council receives. In conducting their audit of the 2006/07 subsidy claim the Audit Commission commented favourably on our claims auditing process and the more positive relationship with the Council.

- e) Work has been carried out with stakeholder and partner organisations to reduce subsidy losses that result from some of the more complex benefit regulations. By working with others it has been possible to make an annual saving of approx £25k.

Joint Working/Social Inclusion

- a) Joint working between the Benefits Service and the local Pensions Service was successfully introduced in the summer of 2007. This joined-up approach is resulting in customers having only one visit from either organisation and then that partner undertaking work for both. In a recent joint exercise of 145 cases handled by the Pension Service this resulted in a 16.5% take-up rate.

The service has worked with local organisations that support people and groups of young volunteers to better understand the issues that young people (aged 16-25) face when claiming benefits. This has resulted in the introduction of Young Peoples representatives, the use of mobile phones and text messaging to contact our service, and specifically-designed literature and posters to signpost the service to young people.

- b) Work has continued to ensure that York's minority ethnic are aware of the work of the benefits service and can access the service and be supported in making a claim. The Welfare Benefit advisors have been involved in Learning Disability conference and workshops, an Ethnicity event at Priory Street and have developed contacts with York Muslim Association, York Blind and Partially Sighted Society, Older Peoples Assembly, Turkish Cultural Society and Polacy W Yorku (Poles in York).
- c) We became a full member of the North Yorkshire Benefits Training Group. Membership allows us to share training courses and costs across the region and to work on joint leaflets and publicity. Joint campaigns included a set of LHA leaflets and the "It's time to claim Council Tax Benefit" alarm clock promotion.
- d) We have maintained a commitment to work with Registered Social Landlords to ensure a two-way exchange of issues and that they are appraised of changes in the Benefits Service. Working with this group and other local stakeholders has resulted in positive and sometimes complimentary feedback which has been offered to the DWP's Performance Development Team as part of their service review.

Appeals and Complaints

- a) The position on the handling of appeals against benefit decisions and overpayment notifications has improved over the year. As at 31 March 2007 a total of 56 appeals were waiting to be finalised, whilst a year later the work-in progress had reduced to 30 cases. Relevant performance measures have also improved:

| Measure | Outturn 2007/08 | Actual 2006/07 |
|---|-----------------|----------------|
| % of revisions actioned in 4 weeks | 75.33% | 55.4% |
| % of appeals submitted to Appeals Service in 4 weeks | 40.48% | 21.05% |
| % of appeals submitted to Appeals Service in 3 months | 59.52% | 47.37% |

However, further improvements are still required and the service will be considering the recommendations in the external review from the DWP's Performance Development Team.

- b) The number of complaints received by the Benefits Service has shown the first real drop since 2004:

| | |
|---------|-----|
| 2004/05 | 143 |
| 2005/06 | 127 |
| 2006/07 | 140 |
| 2007/08 | 85 |

- c) The reasons given for the majority of complaints has shifted from being about delays in processing a claim to the way that claims are dealt with, for example the wording on letters, time given to provide supporting proofs and confusion about which organisation to report changes to. Complaint feedback is given to staff and this is informing service delivery.

Fraud and Error

- a) As part of the DWP's policy objectives to reduce fraud and error in the benefits system they set council's a target to secure a certain number of reductions in benefit over the year. This target is achieved by encouraging customers to report all household and financial changes as they occur and to proactively check claims (termed "interventions") by means of visits, telephone calls and postal reviews. For the year 2007/08 we achieved 105.5% of this target. In 2008/09 this measure changes to include both increases and decreases and will be reported as National Indicator NI180.

York Customer Centre Staff Development

- a) The York Customer Centre implemented a number of initiatives to develop staff skills and ensure that that we meet quality as well as quantity issues. These include:
- New performance management framework with targets to manage staff performance and training needs
 - Commitment to spend a minimum of 4% of time per month on training and development activities
 - Enhancement of training support function and team structure to support changes in customer and business needs
 - Increased number of staff 1-2-1 sessions with focus on quality customer service
 - Bespoke Customer Care training programme for all centre staff

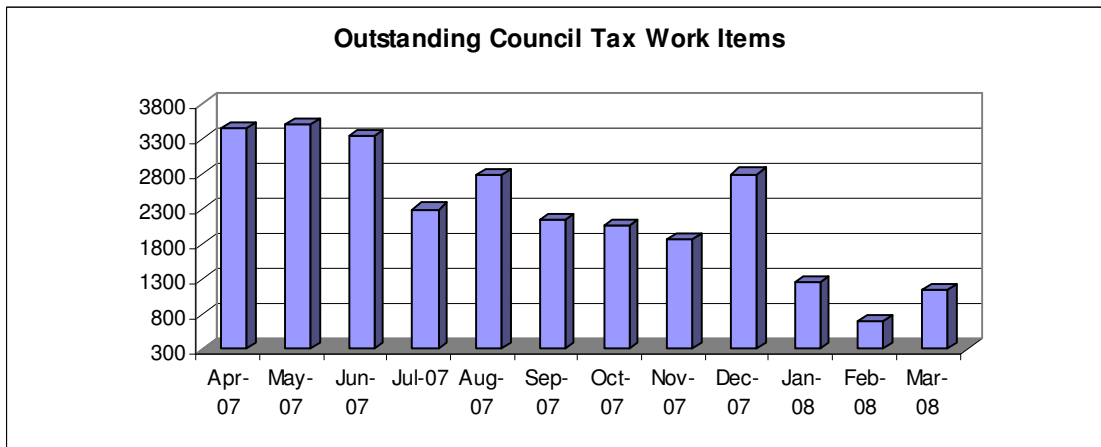
- 40% of staff now multi-skilled to handle Council tax calls
- Progression matrix to enable the team to further develop skills and knowledge
- 80% of staff have achieved NVQ in Customer Services Level 3
- Internal staff satisfaction survey to measure the impact of changes over the last 12 months
- The YCC are members of the Yorkshire & Humberside Customer Public Sector Contact Council where best practice sharing and agreed agendas are set to work towards key government activities

b) To increase the profile of the YCC a process is now in place with our Marketing and Communications team. We have also have a dedicated web page at <http://www.york.gov.uk/ycc>

Council Tax

a) The implementation of Council Tax changes last summer has continued to have a positive impact on service delivery. The chart below shows the level of outstanding work and this in turn can be measured in terms of the amount of time a customer has to wait to get a revised bill. Previously it was not uncommon to have a 3 or 4-week wait – with high work levels outstanding and a limited resource. The automation and revised ways of working have enabled the service to keep waiting days down to the standard 10 working day and in many cases exceed those targets.

The workload trends over the year are shown below:



Figures for March 2008 increased following response to 2008-09 annual bills

b) The local target for the volume of e-payments for Council Tax was set at 4%. The outturn was 4.82%, up from the 3.40% we reported for 2006/07.

2. Risk Management Issues

| Major Risks | | Update on activities |
|-------------|---|--|
| a | Benefits – Failure to assess benefit entitlement accurately and within timescales | <p>Mitigation includes:</p> <p>Re-structure and re-engineering in progress due for implementation Summer 2008.</p> <p>Combined measure for 2008/09 so requirement to develop new management reports</p> |
| b | York Customer Centre – Failure to have a business continuity plan in place to ensure continued service to customers | <p>Mitigation includes:</p> <p>Full review of BCP to take place over the Summer</p> |
| c | York Customer Centre – IT system failure impacting on ability to handle customer calls | <p>Mitigation includes:</p> <p>Message taking, call back and emergency message procedures</p> <p>Incident report log maintained and reviewed weekly</p> |
| d | Failure to correctly bill, remind and summons for Council Tax | <p>Mitigation includes:</p> <p>Further automation of processes. Review of post court processes and reports.</p> <p>Programme of discount and exemptions reviews to be timetabled across the year</p> |
| e | Failure of Sx3 (Northgate Benefits and Revenues) system to provide accurate and reliable information | <p>Mitigation includes:</p> <p>Programme of benefits system refresher training to be delivered to staff Spring 2008</p> <p>Development of suite of bespoke Business Objects reports to supplement system reports</p> <p>Re-write of HB Overpayments modules expected Summer 2008</p> |

Property Services: Administrative Accommodation Project

1. Achievements

- a) Archaeological investigations on the Hungate site. Phase 1 investigations revealed findings of little importance the second phase of investigation will commence in June 2008.
- b) Winner of a York Design Award on 15th May.
- c) Planning approval for a homelessness hostel on the Fishergate site. The commencement of construction overcoming significant difficulties in relation to the piling of the foundations on the site.
- d) Hungate new headquarters feasibility study and subsequent design development through to RIBA Stage D (scheme design) and a subsequent planning application in May 2008.
- e) Design exhibition in early March 2008 and a process of consultation with professional bodies such as English Heritage, Commission of Architecture in the Built Environment (CABE), York Civic Trust, Hungate Community Trust, the wider York Community, Council Members and staff.
- f) Sustainability and the development of a design for Hungate that represents a British Research Establishment Environmental Assessment Model (BREEAM) score of 'excellent'. Incorporating a Combined Heat and Power (CHP) plant, green roof, rain water harvesting and natural ventilation.
- g) Completion of a strategic review and business case for a proposed Facilities Management strategy for the new accommodation portfolio, with a recommendation that the strategy will be operated on the basis of a Total Facilities Management (TFM) /Bundled approach.
- h) Vacant possession of Blake Street premises following a rationalisation of current accommodation and the relocation of Legal Services to the Guildhall and Neighbourhood Services, Safer York Partnership to Kings Court premises. The development of a sale and leaseback agreement with York Conservation Trust and the opportunity to refurbish and relocate the York Tourist Centre and associated services from De Grey Rooms to Blake Street.
- i) The commencement of Phase 1 space planning for the new Hungate Headquarters including the York Customer Centre and the undertaking of additional work to achieve a greater understanding of functionality, visitor numbers and the management of cash. Early outcomes have resulted in the allocation of additional space to meet the customer's future needs. Early outcomes will feed into initial space plan options for Hungate and other premises in the portfolio (Guildhall, St Anthony's House and 50York Road).
- j) Successful lease renewal for the Acomb Office 50 York Road

2. Work in Progress

| Work In progress | | Update on activities |
|------------------|---|--|
| a | <p>Hungate Land assembly:</p> <ul style="list-style-type: none"> Relocation of the Ambulance Service, and the Peasholme residents Demolition of the Ambulance Station and the Peasholme Hostel Closure of the car park and subsequent phase 2 archaeology on the site Completion of the new Homelessness Hostel at Fishergate | <ul style="list-style-type: none"> Final Negotiations with the Ambulance Service underway Temporary relocation of the Peasholme residents to meet the project timescale for land assembly Tender for archaeology awarded New Hostel at Fishergate due for completion November 2008 |
| b | <ul style="list-style-type: none"> Preparation of the planning application for Hungate | <ul style="list-style-type: none"> Application to be registered end of May 2008 Planning Committee scheduled for September 2008 |
| c | <ul style="list-style-type: none"> Ongoing space planning | <ul style="list-style-type: none"> Phase 1 space planning review July 2008 Phase 2 June 2009 Final Phase 3 March 2010 |
| e | <ul style="list-style-type: none"> Maximum Target Price for Hungate Headquarters | <ul style="list-style-type: none"> RIBA Stage D (Scheme design) through to RIBA Stage K (Operations on site) |
| f | <ul style="list-style-type: none"> Outline planning applications to support the sales of Ashbank, Hollycroft, Yearsley Bridge | <ul style="list-style-type: none"> Framework planning consultants commissioned to undertake this work |
| g | <ul style="list-style-type: none"> Facilities Management- Scoping exercise Preparation specification /brief for new accommodation portfolio | <ul style="list-style-type: none"> Recruitment - Development Officer for FM Procurement of FM Consultants |

3. Risk Management Issues

| Risks | | Update on activities |
|-------|---|---|
| a | <p>Planning Permission -Failure to achieve planning permission for a building that meets the operational needs of the council, the overall budget provision and timescales for delivery.</p> | <p>Staged design development and approvals. Good communications and high quality presentations of the concept and design to gain support and buy in from key influencers such as English Heritage, CABE, CAP. Pre planning design exhibition to gain support and buy in from the media, the wider community, Members and staff.</p> |
| b | <p>Hungate Land Assembly – relocation of the Ambulance Station and the Peasholme Hostel</p> | <p>Ongoing negotiation with the Ambulance Service currently escalated to Chief Executive level. Peasholme Hostel tenants to be temporarily relocated to Crombie Avenue/Burton Stone Lane Community Centre premises</p> |

| | | |
|---|--|--|
| c | <p>Archaeology on the Hungate Site and unforeseen requirements</p> | <p>Phase two investigations will commence following the demolition of the Ambulance Station and Peasholme Hostel</p> |
| d | <p>Change Management - Failure of the organisation to implement a wider corporate change agenda inextricably linked to the aims and objectives for the successful delivery of the accommodation project.</p> | <p>Pro-active management through a corporate change programme pursued in parallel with the delivery of the new accommodation to include the following main themes;</p> <ul style="list-style-type: none"> • Business re engineering and the delivery of a fully integrated customer centre enabled through the easy@york project • The introduction of new and more innovative ways of working and a performance management culture rather than that of 'presenteeism' • ITT development plan –flexibility to support new ways of working, the introduction flat screen and wireless technology and the implementation of a corporate document management system (DMS). • Information management – business and reference material storage, remote access and archive storage. |
| e | <p>Project Affordability/Inflation Risk of cost exceeding budget forecast and risk of inflation cost in the construction industry increasing faster than those estimated within the project's financial model</p> | <ul style="list-style-type: none"> • Rigorous investigation of outstanding matters • Agree maximum target price • Clear definition of affordability parameters • Review financial model: net present value savings (npv) and early years deficit. |

Property Services

1. Achievements

- a) Danesgate School – Development of a sustainable timber-framed teaching environment including a wood-pellet biomass boiler, completed. Winner of the Green Apple Award for environmental achievement. (£2m)
- b) Acomb Library ‘Explore’, completed within budget (£700k) and ahead of time. Including a wood-pellet biomass boiler
- c) Tang Hall School and Children’s centre, phase 1 and 2 complete and phase 3 on site. (£1.4m)
- d) Rufforth Primary School Community Hall completed (£700k)
- e) Yearsley Bridge Pool refurbishment completed to very tight timescale (£1.0m)
- f) Poppleton Road school extension and lift, procurement complete and on site (£0.5m)
- g) York High School (Oaklands development) including school refurbishment and extensions; design complete and on site; design partnership (£12m)
- h) Oaklands Leisure Centre including new pool; design partnership in progress (£6m)
- i) Sustainability in Design Group - cross directorate group focussed upon establishing policies and protocols for the design and management of buildings, operating within the council’s corporate Environmental Management System (EMS)
- j) Energy and Water Management Group (EWMG) - a cross-Directorate group focussed upon establishing policies, protocols and an action plan for the management of energy and water usage by the council, operating within the council’s corporate Environmental Management System (EMS)
- k) Contributed to the Carbon Management Board and cross directorate working group.
- l) Completed LCCS and Corporate programmes of work for maintenance, DDA and improvement works
- m) Contributed to the successful bid for funding to support the re-development of the St Clements Hall development (£1m)
- n) Established the first Area Asset Management Plan at Tang Hall and identified Acomb and Leeman Road as the next two Areas.
- o) Achieved capital receipts of > £7m – including the Osbaldwick Lane Field, Lidgett Grove, Hebden Rise, Bonding Warehouse, Strensall Youth Club, 2 High Petergate and 3-4 Patrick Pool
- p) Completed the disposal and development procurement and evaluation process for the Discus Bungalows, in partnership with HASS.
- q) Gone live with the new Technology Forge property database and successfully migrated data from the old Britannia system to the new.
- r) Generated c. £3m of rental income from the commercial portfolio and other properties
- s) Invoices paid within 30 days maintained above target level 95.87%

2. Work in Progress

| Work In progress | | Update on activities |
|------------------|---|--|
| a | Capital Programme | <p>Projects on site: York High, Tang Hall Phase3; Fulford 6-classroom extension; Haxby Road and Poppleton Road school extensions; Burtonstone Lane lift and alterations; Willows changing place</p> <p>Design stage: Silver Street Toilets and Changing Place; Oaklands Pool; Scarcroft School Learning Resource building; Stockton on forest refurbishment and alterations.</p> <p>Pre-design stage: Clifton-Rawcliffe Primary School</p> |
| b | Yearsley Bridge/ Huntington Road Day Centre. | Closedown and demolition works being planned |
| c | Area Asset Management Plans | Acomb (North and South); Leeman Road; Clifton Without and Rawcliffe. |
| d | Service Asset Management Plans | Commercial Portfolio review – implementation and development of initial plan, Young People's Service, Older People's Care Provision, Parks & Open Spaces, Car Parks, Community Centres and Neighbourhood Services |
| e | Property Database and Asset Register Development (tf) | Developing Capital Valuation system which will integrate with new FMS system. Developing access to floor and site plans through property database. |

3.Risk Management Issues

| Risks | | Update on activities |
|-------|--|---|
| a | Failure to deliver the Capital Programme | Closer working with Client planning teams to ensure realistic programmes and spend profiles for capital projects |
| b | Failure to keep an up to date corporate asset management plan | A new Corporate Asset Management Plan for 2007-2012 was approved by the Executive. An annual report will be submitted to the Executive that will highlight the council's performance against objectives and targets within that report and provide any updates to the Corporate document. This will meet the CPA requirement for a corporate document, framework and process for the management of assets. Risk is therefore minimised. |
| c | Failure to keep an up to date asset register and property management database. | All reports to members requiring decisions must now have all property implications identified. Corporate Landlord should be informed of all proposals to acquire or dispose of property assets. |
| d | Failure to achieve capital receipt | Capital Receipts programme and performance now reported to Members at each monitor. |

| | | |
|---|--|--|
| e | Failure to have fully accessible buildings in an acceptable state of repair. | <p>One of the priorities in the Corporate Asset Management Plan is to have an effective repair and maintenance strategy to reduce the maintenance backlog and the number of buildings in an unacceptable standard of repair. The Strategy was approved by Members in 2007.</p> <p>BVPI 156 - public access to council buildings is now at 84%.</p> |
| f | Asbestos Contamination | <p>All surveys complete, all asbestos identified, tested and removed or managed.</p> <p>Contracts in place to facilitate annual inspection of known asbestos to ensure stable.</p> <p>Programme of Asbestos awareness training and the appointment of Site Asbestos Liaison Officers at each premises will limit the likelihood of asbestos contamination</p> <p>All building works in existing property require type 3 survey prior to commencement of works</p> <p>Risk still exists in those areas where building work executed without Corporate Landlord knowledge.</p> |
| g | Building failure (unplanned closure) of Operational Properties | No additional activities |

ITT Services

1. Achievements

- a) The department continues to provide a secure, robust, scalable and highly available ITT infrastructure including corporate and departmental systems. It has achieved all but one of its revised and agreed service level targets for 2007/08. The exception being the low volume high priority requests for service. These breaches have mainly resulted from external network providers suffering major disruption within their own infrastructure, hardware faults where workarounds were put in place during the working day to reduce customer impact and replacement work was undertaken outside of core service hours and intermittent faults that were complex in nature and required extensive investigation.
- b) The Corporate Electronic Document Management System (EDMS) project started in November 07 and is now in final stage of procurement. The replacement of the Financial Management System (FMS) is on schedule for a phase 1 go live of Jan 09 and the Corporate Mobile Working project has progressed in terms of securing a base platform to deliver a Corporate Mobile solution and there are pilot schemes in progress evaluating the effectiveness of a number of hand held devices.
- c) The department has successfully delivered a number of behind the scenes infrastructure projects that underpin current and future Council wide Service Delivery. The projects are supported by the continued development of effective governance controls and include:
 - Successfully moved a number of the Business Systems information/records over to a more flexible and robust information storage platform with no disruption to the customer base. This included the Council's Integrated Revenues, Benefits and Housing system.
 - Further improved departmental system recovery services by expanding the use of a more effective back up process enabling the support teams to reduce the restoration time taken to recover from a failed Business System scenario.
 - Successfully installed a new antivirus solution for all the Corporate and Departmental Business Systems that provides a more effective level of antivirus protection without impacting upon the performance of the System itself.
 - Implemented a new secure email service that encrypts the information to ensure the secure transfer of information to recipients outside of the Council.
 - Successfully upgraded the capacity of the network link between 4 Museum Street and 10/12 George Hudson Street (GHS). This provides improved infrastructure services for the departments customers and further improves data recovery times and business continuity facilities.
 - Successfully installed a new Corporate anti spam solution that provides a more effective level of protection without impacting upon the performance of the email delivery service.

- d) The department continues to support the Corporate Accommodation Review project through the identified design, project and user group work streams.
- e) The department assumed the additional management responsibility for the both the Resources Business Support Group and the Resources Systems Support and Development Team following the departure of the Head of Public Services and the team manager during 2007/08.
- f) The department played a significant role within the phased refresh project to replace the computer related services within the Central and Branch Libraries in order to transform them into 21st Century facilities for the public. This included the transformation of Room 18 from its previous computer based resource suite function into a Lifelong Learning Centre and the creation of a new computer based resource centre within the impressively refurbished Lending Library section.

2. Work in Progress

| Work In progress | | Update on activities |
|------------------|--|--|
| a | Frameworki – replacement of the Social Care System | Phase 1 was completed as planned. However, progress on phase 2 was affected by the loss of key staff and in year priority realignment within HASS. Phase 2 is now scheduled to go live late summer 08. The delay to the original plan has enabled work on the financial assessment tool and the interfacing with FMS to start earlier. |
| b | FMS – replacement of the Corporate Financial Management System | The procurement process has been completed and the preferred supplier has been selected. The project has now reached the implementation planning phase and the first go live stage is scheduled for Jan 09. |
| c | Corporate ITT Governance. | Developing change control procedures through process mapping and subsequent workflow regimes. These will be incorporated into the next release of the departments Customer Support Service Desk system during 08/09. Review and modernise the Council's Electronic Communication Policy (ECP) including the evaluation of the potential impacts of providing access to Social Networking sites such as Friends Reunited and Facebook etc. |
| d | Continued development of departmental Business Continuity Plan (BCP). | Revised draft departmental BCP documents using the new corporate templates have been produced. Further development of the team recovery plans is in progress to ensure completeness and consistency. The departmental profile will be linked back to the Corporate BCP group as part of the Council wide response to the 2004 Civil Act. |
| e | Provide on going support for the delivery of the Easy@York transformational programme. | The department is heavily involved in a number of activities to support and help sustain the successful implementation of the current and future phases of the agreed programme. |

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| f | Expansion of the network managed service contract to incorporate Broadband for Schools and Libraries and City Strategy connectivity requirements. | A comprehensive tender specification document has been produced. The invitation to tender (ITT) has been issued to the short listed potential suppliers and the tender process is on track to deliver the new contract late October/early November 08. |
| g | Implement the approved ITT Corporate Business Development and Infrastructure projects from ITT Dev Plan 07/08 and 08/09 | <p>The IT Development Plan for 07/08 comprised of 17 approved Business Development Projects;</p> <p>10 were completed in year. 1 project was put on hold and moved into the Corporate Mobile project plan for delivery in 08/09. 3 are nearing completion and the final 3 are multi year projects – Frameworki, EDMS and Corporate Mobile and these projects were not scheduled for completion during 07/08.</p> <p>The IT Development Plan for 08/09 currently consists of 18 approved projects, and work has already commenced on 12 of them.</p> |
| h | Develop a forward-looking technology and major systems replacement roadmap. | <p>The initial work in terms of reviewing the current ITT estate and the external pressures it faces in terms of lifespan of the products in use has been undertaken.</p> <p>This has led to 2 Business appraisals which are now underway to determine the hardware, software and licensing options that will meet the anticipated future flexible requirements of the council at the most economically advantageous cost. These appraisals will potentially lead to ITT Development bids in 09/10.</p> |
| i | Establish a Corporate mobile working strategy leading to the procurement of a Corporate mobile solution | <p>The outcomes of the in year evaluation process resulted in the procurement of a base platform for a Corporate mobile solution from Kirona/Vodafone.</p> <p>A phased project plan in line with the Easy@york programme and other approved IT Development projects will commence in August 08 and will continue through into 2010.</p> <p>The Corporate mobile project will deliver a number of new services including a Corporate Booking System, access into Council Systems and Information for mobile/street based services and a Workforce Management tool.</p> <p>This new solution is in addition to the existing flexible infrastructure that allows staff to log on to the network from anywhere including partner sites and enables their phone extension to follow them where the new telephony system is available.</p> |

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| j | EDMS – procurement and implementation of a corporate electronic document management system | <p>The project commenced in November 07 and has rapidly progressed to the final procurement phase with a project plan that has the award the contract being targeted for July/August 08.</p> <p>The current plan has key milestones including; commencing the back scanning work in Autumn 08 and the first early adopters on the new system starting in Jan 09.</p> <p>Due to links with the Accommodation Review and the move into Hungate, the EDMS project will report into the Accommodation Project Board for its governance arrangements.</p> |
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3. Risk Management Issues

| Major Risks | | Update on activities |
|-------------|--|--|
| a | Failure of the disaster recovery procedures. | <p>Mitigation includes:</p> <ul style="list-style-type: none"> • Completed the project to successfully upgrade the corporate virtual servers to a version that enables the department to provide a reduced recovery time in the event of individual system failures, in some cases with no disruption to the customer base. • Expanded the use of 10/12 GHS as a secondary site for locating key ITT Infrastructure. • Further improved departmental system recovery services by expanding the use of a more effective back up process enabling the support teams to reduce the restoration time taken to recover a failed Business System scenario. |
| b | Inadequate ITT Business Continuity Plan (BCP). | <p>Mitigation includes:</p> <ul style="list-style-type: none"> • Departmental BCP documents have been produced in line with the corporate templates. • Raised the awareness of Business Continuity plans and ownership responsibilities within the department. • Monitoring and update process established to maintain the on going validity of these key documents. • Further development of the team recovery plans is in progress to ensure completeness and consistency. • Recovery toolkits (containing BCP documents and guidance) are being established and will be stored at two off site locations to aid incident management and recovery processes. • Individual Business system testing is being undertaken as part of the work to expand the use of the improved system back up solution. |

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| d | Significant failure of corporate data / voice network | <p>Mitigation includes:</p> <ul style="list-style-type: none"> • Improved environmental facilities at locations where key network components are located. • Proactive management of managed service provider and network vendors. • Incorporated elements of resiliency into the network design for the YCC in Stonegate. |
| e | Failure to replace ageing Social Care, Financial Management and Payroll/Personnel Systems. | <p>Mitigation includes:</p> <ul style="list-style-type: none"> • Approved and funded ITT development replacement projects are in progress for both Social Care and Financial Management systems with Payroll & Personnel System scheduled to commence during 08/09. |

Easy@york Programme

1. Achievements

The Programme has established a multi disciplinary, corporate customer contact centre, focussed on the web and the telephone, which delivers redesigned, technology-enabled services to customers in 4 of our main customer facing services. Through a process of service improvement, involving definition of measurable Benefits, clear identification of desired outcomes, BPR, innovative integrated technology deployment and change management techniques; we have created a single customer entry point into the organisation which has transformed the customer experience.

Since go live in February 2007 we have seen: -

- 99% of customers are satisfied with the service received
- £307k of efficiencies, cashable and non cashable savings
- 88% reduction in complaints received within the YCC
- Speech recognition technologies handling 25% of telephone contact
- 72% of Revenues transactions handled entirely at point of customer contact
- 92% of all service request completed within SLA
- Transactional web site with 27,000 service requests processed in the first year.

Key achievements in 2007/08 have been:

- Still achieving 99% of customers satisfied to some degree but an increase in the higher level of “very satisfied” to 93% of the respondents from 90% in the higher category last time;
- A further £350K of ongoing annual savings planned from Phase 2;
- Further reduction in complaints received within the YCC with 73% of those dealt with, handled within the SLA;
- 96% of all service requests now completed within SLA – 98.91% completed within 1 day of the SLA – this was on a total number of 79,215 Service Requests processed;
- The new web-site experienced 1,388,590 visits over the course of the year at an average of 3,793 per day representing 990,930 visitors;
- £1,643,239 of payments have been taken via the electronic transactional web/CRM in the past twelve months, up 97% on the previous year.
- Council Tax call answering at year end billing time (for the months of March and April) radically improved – 91.4% calls answered in 20 seconds (representing a total of 11,333 calls answered within 20 secs) as against just 23.3% (representing just 2,622 calls answered within 20 secs) last year. During this period the abandoned call rate was just 0.7% this year compared to 39.3% last year.

- a) We have established a dedicated Programme team to develop, define and deliver a broad range of changes to working practices, organisational structures, policy refinements, technical designs, implementation, testing and training activities. The

changes that the programme has brought about have touched every area of the Council and have brought significant change in Resources, City Strategy and Neighbourhood Services.

- b) Approval was given at the Executive Meeting on 15th January 2008 to proceed with Phase 2 of the Programme – The scope of activities approved for inclusion consists of:-
- i. Corporate Recruitment & HR processes
 - ii. Advice, Information & Referral for HASS and Children’s Services
 - iii. Improvement and extension of Neighbourhood Services delivered in Phase 1
 - iv. Highways
 - v. Licensing
 - vi. Housing Management & Housing Repairs
 - vii. Parking
- c) Go-live of Revenues Services in the YCC in November 2007 – since then we have cross-skilled 6 additional CSR’s from other services in Council Tax Processes as well as up-skilling the staff that were transitioned in from the Council Tax service – this has enabled us to achieve over all service levels for Council Tax of 92.7%.

2. Work in Progress

| Work in Progress | | Update on activities |
|------------------|------------------|--|
| a | Benefits Go Live | <p>The Benefits Project is in an advanced position but has been slowed down by the impact of the Pay and Grading Review and the moratorium on re-organisations. The key activities in progress are:</p> <ul style="list-style-type: none"> – Redesign of the layout of the office space is nearing completion – this is to establish the principles that will be incorporated into Hungate; – Technical design of all aspects of the new system will be complete by the end of May; – New rotas and new methods of workload management to maximize the efficiency opportunities are being finalised, but are dependant on the new organisation being established; – Mobile working solutions for home visits, etc are being trialled, as are electronic signature recognition applications (see flexible working below); – The organisational changes are at an advanced stage of negotiation and agreement with the Unions but are subject to the effects of Pay and Grading review and the impact of the moratorium on re-organisations (see risks below); <p>All new processes have been agreed and transition activities are currently being planned for a go-live in</p> |

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| | | early August 2008. |
| b | HASS Advice and Information quick wins work | <p>An improved telephone system to provide the team with the ability to proactively manage the phone channel. This will:</p> <ul style="list-style-type: none"> - Provide real-time call management - Provide detailed MI on calls - Provide ability to log call categories with a single key press - Be implemented by w/e 23rd May <p>Opening up links between the YCC and A&I teams. This will:</p> <ul style="list-style-type: none"> - Provide a structured route for feedback to be passed between the two teams thus enabling improvements in problem areas. - Be implemented in throughout early May - Other areas identified for possible short term solutions include Blue Badge provision, hospital referrals process, availability of information via the Web and the co-location of A&I with YOT. <p>Following on from this work, a full A&I Project is being undertaken which will address the wider aspects of the service provision, the go-live for this work is June 2009.</p> |
| c | Neighbourhood Services Refresh | <p>The aim of this project is to implement the end-to end re-engineered processes and increase the efficiency of the current processes by introducing enablers and reducing multiple handling of cases. Also the project will, where viable increase the use of CRM to improve the efficiency of the remaining business processes. In more detail this can be described as:</p> <ul style="list-style-type: none"> - Reduce the multiple handling of customer cases to allow back office operatives to receive the appropriate cases directly from the YCC. - Increase the speed at which work is transferred to back office ensuring that the most urgent work is prioritised effectively. - Re-engineer all the current CRM processes in order to reduce the administration by at least 60%. - An analysis of the current 'out of scope processes' will be made to evaluate the need to undertake the development and design of new processes. - The improvement of the data available to customers on the website. - The improvement of NS service data available to YCC - Improved SEO caseload management enabling progress tracking for handed off cases. - Improve the efficiency of the service area by |

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| | | <p>introducing technical enablers, including the provision of accurate information and management of resources.</p> <p>The completion date for this work is the end of May 2009.</p> |
| d | Mobile Working | <p>Contract being signed for Corporate Mobile Platform that will provide secure mobile access to data held in back office systems which in the first phase will cover:</p> <ul style="list-style-type: none"> - CRM – Streetscene and Pest Control - CRM/Exor – Highways - SX3 – Revenues, Benefits and Housing - Flare – Licensing <p>It will also provide a range of workforce management tools such as Lone Worker security, bookings and scheduling of people and rooms, messaging services, timesheets and GPS/GIS location tracking.</p> <p>This has been procured through the OGC Catalyst with Vodafone/Kirona.</p> <p>We are implementing the booking engine functionality early to ensure that the Benefits project can be delivered on time.</p> |
| e | Customer Strategy Development | <p>The development of a Corporate Customer Strategy to include:</p> <ul style="list-style-type: none"> - The refreshed Corporate Strategy 2007 – 2011 and Customer Value - The Local Government Performance Framework and introduction of a single set of national indicators (especially NI 14 – Reducing Avoidable Contact) initial indicators suggest a reduction in the region of 60% to 70% is achievable using the Easy@york solution. - New Policy and processes for handling customer complaints and feedback - Customer Access Requirements for York Customer Centre in Hungate <p>Other emerging good practice around :-</p> <ul style="list-style-type: none"> - Customer segmentation - Customer experience and satisfaction - Customer journey - Service improvements from putting our customer needs first <p>All of which is being incorporated into the working practices being delivered via the Programme.</p> |

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| f | YCC Design in Hungate | <p>At Hungate we will to offer a mix of conventional and electronic channels for effective and efficient service delivery. The Programme is managing the design of all customer interfaces that will be required at Hungate, whether or not the service is being delivered via the Easy@york technical solution.</p> <p>We are working in partnership with the Admin Accom Project, and other relevant stakeholders to define our strategy for the customer access requirements in the YCC at Hungate. Along with an agreed increase in floor-plate size to approx 950m², the general principles of customer flow in Hungate is logically represented (i.e. does not depict a physical layout) by a "Help Zone" and an "Advisory Zone".</p> <p>QMatic Knowledge who support organisations in the development of solutions in meeting its customers needs and have provided solutions to more than 90 public sectors organisations in the UK, have critiqued and benchmarked our initial customer footfall and transaction data.</p> <p>We are about to implement a tool to capture footfall requirements in all the front desk/reception points throughout the council so we can define the arrangement of the space requirement of the YCC Hungate and to develop our understanding of the volumes of citizens who will be "walking in" to request (which) services and the associated transaction times to provide those services.</p> |
| g | Recruitment to the Easy Team | <p>The Easy Programme now consists of a Programme Office which includes Marketing and Communication, three Project development Streams, a Technical Team, a temporary HR support function and the Programme Management function – a total headcount of 25 personnel. We are currently recruiting a final Business Analyst to complete one of the Project Development Teams and an Integration Developer to help us on the way to becoming independent in terms of our technical development and build capabilities.</p> <p>The Programme is developing a skill-set and technical capability which is unique within the Authority and capable of delivering complex, multi-disciplinary change Programmes.</p> |
| h | Members Portal for accessing CRM Services | <p>A system of E-forms was released in April to allow members to enter cases directly into the CRM and review progress online. There have been a number of issues with this system since its release.</p> <p>We have now convened a Members Working Group to review the wider requirements for the Councillor's Portal and we will use their input to define a further development Project.</p> |

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| | | This Working Group will also be convened to review and approve any changes that have been made to the current portal, prior to the release into live. |
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3.Risk Management Issues

| Red Risks | | Update on activities |
|-----------|---|---|
| a | The time plan for the Phase 2 activities is aligned with the Admin Accom Project and the move into Hungate – funding for the Programme has been set against the Hungate timescales – any extension to the programme as a result of the delay in moving to Hungate will need to secure additional funding to the original planned budgets. | <p>The two main areas of risk that could extend the Project timescales are:</p> <ul style="list-style-type: none"> – Delays in Hungate timescales – Lack of availability of resources from within the services to support the Programme's Projects <p>Tracey Carter is attending both Programme Boards and has submitted plans for a Corporate Change programme to co-ordinate the various Corporate strategies and Corporate-wide developments including Customer Strategies, Corporate DMS, Replacement FMS, consolidation of HR functions as well as the Admin Accom project.</p> <p>All Project Streams within the Easy@york Programme are carrying out early engagement with the services involved, defining the Benefits opportunities profiles for the projects and identifying the resource requirements required from the services. Where appropriate and affordable, backfill arrangements for service personnel are being supported.</p> |
| b | The savings that are anticipated cannot be realised resulting in a funding shortfall for the Programme | All Project Streams establish a Benefits Opportunities plan as one of the first activities – this plan is base-lined against current activities and then the Benefits are tracked as the Project develops. Cashable and non-cashable savings are included within the monitoring mechanisms. Such savings are also agreed with the senior management teams in the services prior to engagement and then reflected in the Project Initiation Document (PID) which is approved by the Programme Board. |

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| <p>c</p> | <p>The Programme has difficulties retaining the team or recruiting new members as required</p> | <p>The impact of the Pay and Grading review is being closely monitored and the Programme is keeping in close contact with the Pay and Grading Project Team to ensure that all potential issues, etc are dealt with in a professional and acceptable manner.</p> <p>We have also adopted a strategy of developing people within the Programme through both training and experiential learning so that as opportunities arise, individuals can be given the chance to further their careers where appropriate thus the Programme is able to retain the knowledge and experience that has been gained. This can also enable us to be more flexible with resources and achieve faster response times to situations as they arise.</p> <p>We are also upskilling the Technical Team to reduce our reliance for support and maintenance on third party providers, thus giving us more control over the development of the CRM systems.</p> |
| <p>d</p> | <p>The complexity of the Programme in managing multiple streams of activities across several Directorates and Service areas</p> | <p>A Programme Management Office (PMO) has been established and key products have been mapped in the project documentation. The highlight reporting process has been implemented to give the PMO an overarching view of the projects. Plans and resource maps are constantly reviewed and refined.</p> <p>All Programme risks are recorded on the Corporate Risk Register and managed via the facilities that the system provides, as well as the local management of risks within each Project. The Programme personnel are all located in the same area so that cross-sharing of risk resolution activities is managed.</p> <p>The Programme is structured in phases so that key milestones can be identified and used as review points to continually assess the Programme's Performance.</p> <p>A Marketing and Communications post exists within the Programme to handle the promotion of the programme, the messages it sends out and to ensure that all interested parties are kept informed according to their stakeholder needs.</p> |

Audit & Risk Management Services

1. Achievements

- a) Corporate Procurement Team (CPT) re-structured following report to EMAP in December 2006. The new team went 'live' as of 1 April 2007.
- b) Established an agreed Corporate Contracts Management Portfolio to be managed and administered by the new CPT with effect from 1 April 2007.
- c) Agreed revised arrangements for planning, budgeting and managing procurement savings to properly align financial management responsibilities for procurement savings with the appropriate contract clients across the organisation and integrate the whole process within the Council's corporate service planning and budgeting cycles and processes.
- d) The development and implementation of 3 new significant framework agreements covering corporate goods and services supplied in respect of:
 - Legal Services;
 - Agency Staff;
 - Property & Planning Advice & Consultancy services.

- These agreements will help the organisation to achieve financial savings, promote compliance with corporate standards and legislation and enable in-house services to plan and manage provision better in the future.
- e) Development of a 5 year Strategic procurement programme for the Council to be managed and administered by the CPT with effect from the 1st April 2007.
 - f) Established a Financial Investigations function further to the work of the main Fraud team within the Division and completed a successful anti-fraud awareness campaign in February 2007.
 - g) Established a VFM programme of work for 2007/08 further to the annual Internal Audit Plan for 2007/08 and thereafter.
 - h) 100% of insurance claims acknowledged and processed to target timescales.
 - i) 92.5% of the annual Internal Audit Plan achieved compared to a target of 90% and outturn performance in 2005/06 of 91.3%. This is a significant achievement and will stand the service in good stead in the forthcoming service review, to be conducted by the Audit Commission over the summer.
 - j) Worked with HR to introduce a universal and standard registration scheme for declarations of staff interests rolled out across Directorates with effect from 1 April 2007 and revised the Council's Whistle-blowing policy.
 - k) Led the achievement of approximately 90% of the Officer Governance group work programme for 2006/07 and 2007/08 programme agreed.
 - l) Led the development of the Council's new Money Laundering arrangements.

- m) Drafted new Terms of Reference for the function of the Internal Audit Service in accordance with the CIPFA Code of Practice, adopted by the Audit & Governance Committee on 3 April 2007 and completed a full review and update of the Internal Audit Procedure Manual.

2. Work in Progress

| Work In progress | | Update on activities |
|------------------|---|---|
| a | Development of the Supplier Contract Management System | Work continues and has been re-programmed to dovetail with the implementation of the new financial ledger during 2008/09. |
| b | Shared service initiative for Audit & Fraud services in partnership with NYCC | Members approved outline business case and wholly owned company vehicle |
| c | Development of a 3 year medium business plan for the Division | Work on this has been suspended subject to the outcome of e/ above |
| d | CPA UOR 2008 assessment | The 2008 self assessment has been completed and submitted to the Audit Commission for their review. It is expected that initial indicative scores will be discussed with officers in September 2008 and finalised in late Autumn. |

3 Risk Management Issues

| Red Risks | | Update on activities |
|-----------|--|---|
| a | Failure to be effective in the Division's governance/compliance role | <p>Mitigation includes:</p> <p>leadership and management of the OGG work programme</p> <p>professional development and capacity of the teams within ARM</p> <p>planned and managed approach to the development of the Council's governance infrastructure (new Constitution, Financial Regulations, Audit & Governance Committee)</p> <p>new powers and sanctions for the S151 Officer, the Monitoring Officer and the Chief Internal Auditor</p> |
| b | Failure to effectively business plan and manage performance | <p>Mitigation includes:</p> <p>established and capable ARM Mgt Team and development of a 3 year Business Plan</p> <p>development of a performance management framework across the Division as part of a wider Directorate improvement initiative</p> |

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| c | Failure to deliver the Audit Plan (90%) | Mitigation includes: introduction of new automated working papers and performance management routines staff training and technical update work effective staff supervision and file review integrated CYC client function for external and internal audit |
| d | Failure to identify, monitor & report control weaknesses | Mitigation includes all of the above at d/ and the introduction of new reporting and escalation procedures including ultimate referral to Audit & Governance Committee for remedial action as necessary from 2006/07 |
| e | Failure to comply with legislative & regulatory requirements | Mitigation includes all of the above at d) |
| f | Failure to identify and report to CMT any critical risks associated with the strategic procurement programme | Implemented programme of regular monitoring and reporting alongside specific proactive support function by CPT to commissioning officers and departments in respect of all SPP work |
| g | Inability to provide corporate lead for SPP works | CPT restructure required to create sufficient capacity to support programme work. |
| h | Failure to implement CPT's monitoring of programme | As item g) above |
| i | Failure to promote compliance with procurement regulations | Mitigation focuses on governance infrastructure work (as at a/ above) effective monitoring and reporting arrangements, new SCMS system, robust IAS annual and five plans, breaches and waivers work, IAS follow up programme, staff training across CYC, greater professionalism and capacity in ARM |
| j | Failure to deliver an effective risk management framework | Risk Management training for staff & Members Member engagement Develop a Risk Management User Guide Facilitate DMT workshops |
| k | Failure to effectively embed the use of Magique across the organisation | Magique action plan User training Communications strategy ITD bid for additional licenses (failed) |

Financial Services

1. Achievements

- a) Closure of 2006/07 accounts on schedule
- b) Compliance with technical accounting requirements achieved
- c) Development of in year proposals to maintain balanced budget for 2007/08
- d) Delivery of balanced budget proposals for 2008/09 to 2010/11
- e) Paid 92.82% of all council invoices within 30 days
- f) Appointed contractor on FMS replacement
- g) Increase the recovery of Housing Benefit overpayments by 20% for the second year, from £273k to £325k

2. Work in Progress

| Work In progress | | Update on activities |
|------------------|--|--|
| a | Closure of accounts by 30 th June 08 deadline | On schedule for completion with an unqualified audit opinion |
| b | Replacement of the FMS | In line with revised timetable, for implementation in January 09 |
| c | Implementation of Job Evaluation and Equal Pay | On schedule for implementation in July 08, subject to the outcome of the ballot |
| d | Sickness Issues | HR policies and processes are being followed to reduce sickness levels, and in particular dealing with long term sickness which has been identified as a priority issue. |

3. Risk Management Issues

| Red Risks | | Update on activities |
|-----------|---|--|
| a | High dependency on individuals in the year end closedown activities | The structure of corporate finance has been reviewed and additional resources are being advertised for, in the next 2-3 weeks. |
| b | Impact of Corporate restructure, replacement Director of Resources and subsequent Directorate restructure on staff morale | Corporate restructure approved for consultation, Director of Resources appointed |
| c | Change in key personnel working on FMS project | Project Manager for implementation commenced in role, Finance Manager post advertised |

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RESOURCES SUMMARY OF VARIANCES - OUTTURN 2008/09

| | Expenditure Budget £000 | Income Budget £000 | Net Budget £000 | Provisional Outturn £000 | Variance £000 | % |
|--------------------|-------------------------------|--------------------------|-----------------------|--------------------------------|------------------|-------------|
| Director | 453 | 23 | 430 | 260 | -170 | -37.5 |
| Public Services | 42,589 | 40,014 | 2,575 | 1,967 | -608 | -1.4 |
| Financial Services | 2,455 | 2,266 | 189 | -143 | -332 | -13.5 |
| Audit & Risk Mgt | 3,779 | 3,542 | 237 | 313 | 76 | 2.0 |
| IT&T | 5,437 | 6,043 | -606 | -856 | -250 | -4.6 |
| EASY Project | 2,423 | 720 | 1,703 | 1,621 | -82 | -3.4 |
| Property Services | 10,510 | 8,948 | 1,562 | 1,392 | -170 | -1.6 |
| Total | 67,646 | 61,556 | 6,090 | 4,554 | -1,536 | -2.3 |

Requested directorate carry forwards total £660k leaving an underpend of £876k available to supplement council reserves.

DIRECTOR OF RESOURCES

| | £'000s |
|---|------------------|
| Resources Development fund, This balance is primarily made up from the clawback of the VF Repayment budgets (£-201k) for SX3 ,which has been offset by a number of virements to services. | (-) 170.0 |
| Total | (-) 170.0 |

PUBLIC SERVICES

| | £'000s |
|---|------------------|
| <u>Local Taxation management</u> | |
| A Saving was included as part of be 2007/08 budget round which was linked to the staff restructure of Revenues & benefits area. It has not been delivered because of delays in Easy@York work in the benefits service. | (+ 50.0) |
| Savings from the vacant AD position. | (-) 10.0 |
| <u>Revenues & Benefits</u> | |
| Court costs income over achieved for both NNDR and council tax, due to continuing work clearing backlog. | (-) 112.0 |
| Support costs from HBS incurred as part of implementing the Easy programme. | (+ 25.0) |
| Revenues and Benefits staffing overspend. | (+ 17.0) |
| Revenues & Benefits supplies and service costs have been under pressure particularly in relation to the introduction of 3D Secure software and improvements to the benefits software (£+33k).As previously reported in the Recovery section bailiff costs are over budget (£+16k) and additional one-off legal costs have been incurred contributing to a budget pressure of (£+6k) on professional fees. Postage costs (£+13k) and bank charges (£+8.6k) have overspent. Miscellaneous savings with supplies and services have offset some of this overspend (£-10k) | (+ 66.0) |
| Within the Benefits Business Management team overspends relate to printing (£+5k), stationary (£+2k), postage (£+7k) and training costs (£+6k) | (+ 20.0) |
| <u>Customer Improvements</u> | |
| The Customer improvements project was part funded by CEEXEC Dept with match funding from Resources. During the year higher priority to improvements in this area has resulted in additional costs. | (+ 40.5) |
| <u>Housing & Council Tax Benefits Subsidy</u> | |
| Housing benefits underspend by £-97k. This is mainly due to an anticipated level of 100% subsidy for LA error overpayments (£-160k) offset by an increase in eligible overpayments (£+63k) for which we receive 40% subsidy. This position is in line with expectations. | (-) 97.0 |
| There has been an improvement in the collection of debts during 2007/08 which has resulted in a reduction of the in year bad debt provision (£-50.8k) and also a historical provision associated with the introduction of the SX3 system (£300k). | (-) 350.8 |
| There have been improvements in the recovery of historical subsidy overpayments previously written off (£-53k). There is also an increase in the overall level of overpayments being recovered (£158k) | (-) 211.0 |
| One off saving, resulting from project work on benefits overpayments recovery, subsidy and other costs | (-) 314.2 |
| <u>Systems Support / Business Support Groups</u> | |
| The Business support group has small overspend against budget. Within the Systems development team staff vacancies and temporary management arrangements has resulted in an underspend of (£-25.5k) | (-) 23.4 |
| <u>York Customer Contact Centre</u> | |
| Additional technical telephony consultancy work to improve customer services in YCC | (+ 79.0) |
| There is a staff overspend due to a funding deficit of approx £+40k and additional training costs amounted to £+10k | (+ 50.0) |
| <u>Easy project work</u> | |
| Staff costs on Easy project work to improve services in Revenues teams | (+ 152.0) |
| Planned purchase of specialist queue management equipment and technology to help manage services in preparation for the new Hungate offices One Stop Shop has not been incurred and there is a carry forward request for £50k | |
| <u>Registrar</u> | |
| Additional staff costs (£+12.5k) have been offset from additional income from outside marriages (£-19.8k). The shortfall on marriage fees of (£+30k) has been partially offset from additional income from certificates and performing other ceremonies (£-11.8k) | (+ 10.9) |
| Public Services Total | (-) 608.0 |

FINANCIAL SERVICES

| | £'000s |
|---|------------------|
| <u>Exchequer Services</u> | |
| Underspends in payroll (£-47.5k) due to staff vacancies and work undertaken on the job evaluation project, offset by an overspends in debtors services (£+12.1k). Additional costs were incurred on Absence monitoring software adaptations (£+5.1k). Other minor variances (£+1.3k) | (-) 29.0 |
| <u>FMS Project</u> | |
| Anticipated project slippage into 2008 due to longer than expected procurement . There is a carry forward request for this underspend as the implementation phase will need to be extended accordingly | (-) 217.5 |
| <u>Accountancy</u> | (-) 77.2 |
| Staff underspend due to vacant posts (£-64k). A further underspend on FMS consultancy work (£-17k) which is requested to carry forward to support the FMS project. Miscellaneous overspends on supplies and services (£+3.8k) | (-) 6.0 |
| <u>Financial Services Management</u> | (-) 6.0 |
| Underspends on Staffing due to vacancies (£-19.5k) which has recovered an overspend within Supplies & Services due to the Budget Consultation process where no budget was allocated but costs of £+14.2k were incurred. Other minor underspends (£-0.7k). | |
| <u>Salary Sacrifice Schemes</u> | (-) 2.6 |
| Salaries (£+12.1k) and Commission (£+21.2k) have been offset by savings from employers national insurance contributions of £-35.9k, this has resulted in net position of (£-12.6k) for all the schemes. Against a budget of £-10k resulting in an overall variance against budget of £-2.6k | |
| Financial Services total | (-) 332.3 |

AUDIT & RISK MANAGEMENT

| | £'000s |
|--|-----------------|
| <u>Insurance team</u> | |
| Staffing budget pressures of £+16.5k, and other miscellaneous overspends £+1.3k, have been offset by additional income achieved on external premiums charged (£-15.7k). Further loss of income within Fees & Charges of £+11.5k | (+ 13.6) |
| <u>Audit & Fraud services</u> | |
| Additional costs (£+22.8k) associated with both the shared Audit & Fraud service and Investigation work have been offset by additional fee income and contributions from NYCC (£-39.3k). Within the Fraud service additional legal fees (£+11k), subscription costs (£+5k), travel expenses (£+4k) have been incurred and reported on previous occasions. A shortfall in Financial investigation income (£+34.8k) has been offset by staff vacancies in Fraud (£-36k), and additional Income from Administration penalties (£-7.7k). Backpay and other related costs (£+17.4k) | (+ 5.2) |
| <u>Procurement Team</u> | |
| As previously reported there is a budget pressure of £+40k as no dividend is expected from the YPO. | (+ 40.0) |
| The additional costs of consultancy work which is for pump priming work and supporting procurement projects across the council (£+61.4k) is substantially recovered from staff vacancies within the team (£-29.2k) and additional fee income (£-20k). | (+ 12.2) |
| <u>Professional training</u> | |
| This overspend is primarily associated with the cost of training fees | (+ 6.7) |
| <u>Data Protection</u> | |
| Reflects a small underspend on staff costs | (-) 1.6 |
| Audit & Risk Management Total | (+) 76.1 |

INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

£'000s

Underspends due to scheme slippageSocial Care System replacement programme

(-) 215.0

Due to a loss of key staff in year and a change in priorities within the Business, the Project Board agreed to reschedule phase 2 of this programme to late summer 2008.

FMS Replacement project

(-) 114.0

The chosen FMS supplier has been selected and is now working on site with the implementation. However, because of pressures on the Business, specifically around the changes necessitated around the implementation of job evaluation, and the 2009/10 budget process, the implementation date for the new system has been rescheduled to January 2009. As a result the spend on the project has been lower than initially forecast and the majority of the spend on the project will now take place in early 2008/09. £100k of the underspend has been vired to support the project implementation costs within Strategic Finance.

Single Assessment Process

Lack of available resource within the Business to complete the project in year.

(-) 51.0

Electronic Data Management (EDMS)

Technical resource now commissioned and contract let, with 1st phase of delivery scheduled for September 2008. This work is required to continue and a carry forward request is being made.

(-) 62.0

Mobile Working

(-) 49.0

Due to the failure of the initial pilot software design/solution this project had to revisit the market place leading to a delay in procuring the platform to deliver a Corporate Mobile working solution. A carry forward request is being made for this project.

Other Projects

There are a number of projects which have slipped or been deferred for a variety of reasons, these are as follows:

(-) 67.0

Asset Management System (£-26k) - The final phase of this project is linked to delayed FMS project - completion anticipated during 2008/09.

Highways Upgrade & Extension (£-13k) - Review of business case being undertaken

Highways Maintenance Hand Held computers (£-2k) - The solution for this project is dependant upon the outcomes of the corporate mobile working pilot.

Historic and Natural Environmental Records (£-7k) - Supplier takeover has delayed project.

Looked After Children Computer System (LACCS) and Children's Assessment Framework (CAF) (£-8k) - Existing System no longer in use awaiting business decision on CAF

Warden Call (£-11) - Complex and protracted procurement has delayed the project, now due to be complete by Sept 08.

Reprioritisation of Resources within the Directorates

For some projects there has been a lack of Resources available within other directorates - the projects are listed below.

(-) 50.0

Warden Call Hardware (£-4k), Planning & Regs Data Integration (£-5k), Integrated Pupil Support Module (£-2k), Doc Management Housing (£-27k), Joint Children's Database (£-10k), Street Server System (£-2k).

INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

£'000s

Completed / Cancelled ProjectsProjects Completed Under Budget

A number of projects have been completed under budget, contributing £+40k to the projected underspend, these are listed below, (-) 40.0

DLO CMS Replacement and Work Scheduling (£-9k), Council Performance Management System (£-7k), Electronic Links to the Inland Revenue (£-4k), Registration Software (£-1k), Web Authoring (£-1k), Finance Document Management (£-5k), Admissions On Line (£-1k), Document Management Building Services (£-1k), Uniform Planning & Building control (£-11k)

Cancelled Projects

There are two projects that have been cancelled, these are the Homecare monitoring system (£-12k) and the Tenants choice project (£-3k) (-) 15.0

Other System Related VariancesHR & Payroll

Release of leasing and maintenance accruals no longer required (-) 61.0

Further Education Awards

System no longer in use as confirmed by Children's Services (-) 6.0

Election System

System replaced (-) 4.0

Commercial Waste System

Revenue costs incurred offset against a corresponding underspend in capital. (+) 23.0

Other General VariancesEmployment costs

Due to long term vacancies, maternity leave, staff working reduced hours and long term staff sickness on reduced pay. (-) 53.0

General Income

Services undertaken outside the Service Level Agreement which has resulted in non budgeted income (-) 33.0

General Underspends

Small value net underspends (£-52k) realised in year across all service areas (-) 52.0

4 Museum Street Printing facilities

Printing now moved to the Central Print Unit within the Guildhall - savings realised on hardware maintenance. (-) 7.0

General Overspends

Purchase of necessary spares and stock items to ensure continuity of service taking account of supplier lead times (+) 11.0

Upgrade of the ITT service desk system to accommodate workflow requirements needed to manage an increasingly complex technical environment. The upgrade also offers the potential to increase the user base to include non ITT service areas. (+) 16.0

SX3 - in year adjustment actioned to ensure full annual support and maintenance costs were charged in year. (+) 31.0

Legal fees relating to the Voice and Data managed service contract renewal (+) 8.0

Telephone fraud charges - prudent treatment of potential liability as negotiations continue with supplier (+) 18.0

Additional expenditure items included in Monitor 2 report

SOCITM consultancy to support production of IT strategy and other work (+) 36.0

Purchase of Enterprise licenses to link the Customer Relationship Mgt system to other councils systems. (+) 295.0

Additional IT costs relating to Easy Implementation (+) 96.0

Purchase of 'Green' IT equipment (+) 95.0

IT&T Services Total (-) 250.0

EASY PROJECT

| | |
|---|--------------------|
| In year underspend from Easy@york phase 1. This is to add to the earmarked Easy reserve of £1,388k to fund the residual costs of Phase 1 and to support the development of Phase 2. | £'000s (-) 82.0 |
| | (-) 82.0 |

Property Services

| | £'000s | |
|---|----------|---------|
| Head of Property Services | | |
| <u>Employees</u> | | |
| Underspend of £12k on staff advertising | (-) 12 | |
| <u>Supplies & Services</u> | | |
| A provision of £50k was provided from the Resources Development Fund to review business practices within the department. This work has slipped to 2008/09 and a carry forward request is put forward. There has also been savings on insurance premium recharges £-25k. | (-) 75 | |
| <u>Miscellaneous</u> | | |
| Underspends against budget held by HoPS to deliver asbestos resurveys £38k. | (-) 38 | |
| | | (-) 125 |
| Facilities Management | | |
| <u>Staffing variances</u> | | |
| Overspend on agency staffing costs covering vacancies within the service. This overspend has been offset by additional income achieved (see below). | (+) 28 | |
| <u>Supplies & Services</u> | | |
| Underspend on external consultancy support £+30k (funded by income below). Small overspend on subscriptions (£+3k) and photocopying (£+2k) and other supplies and services (£+2k). | (+) 37 | |
| <u>Income</u> | | |
| Additional fee income earned from the capital programme | (-) 71 | |
| | | (-) 6 |
| Admin Accom | | |
| <u>Premises</u> | | |
| Energy price increases came in slightly lower than assumed resulting in a budget saving of £-30k. This was offset by small overspends. | (-) 28 | |
| <u>Income</u> | | |
| Lower than budgeted income following Legal Services move from Kings Court to Guildhall (£+34k) and space given up in George Hudson Street by York Training Centre (£+19k). | (+) 54 | |
| | | (+) 26 |
| Asset & Property Management | | |
| <u>Employees</u> | | |
| Underspend on staffing due to vacancies | (-) 20 | |
| <u>Supplies & Services</u> | | |
| Underspends of £40k on framework consultants, £3k photocopying and £4k advertising | (-) 47 | |
| <u>Income</u> | | |
| Additional income from Service Level agreement and capital charges (£-18k) and work done for Housing Revenue Account in relation to Discuss sites (£-23k) offset by underachievement of income from undertaking rating revaluations (£+18k). | (-) 23 | |
| | (+) 100 | |
| The department is supported by £100k provision from the capital reserve to fund asset management plans and corporate landlord issues. Given the departmental overall underspend it has not been necessary to draw down this funding. | | (+) 10 |

Property Services

| | £'000s | |
|---|--------|----------------|
| Commercial Property Portfolio | | |
| <u>Premises</u> | | |
| Additional repairs and maintenance costs have been incurred dealing with properties in Shambles (£+19k), Coppergate (£+9k) and Theatre Royal (£+7k). Other property related costs overspends total £11k. | (+) | 46 |
| <u>Supplies & Services</u> | | (-) 8 |
| Savings arising from reduced bad debt provision required for rents (£4k) and savings on Parkside facilities hire budget (£-34). Miscellaneous other underspends total £-1k. | | |
| <u>Miscellaneous/Recharges</u> | | (+) |
| Additional fee charges from Facilities Mgmt outside of service level agreement. | | 4 |
| <u>Income</u> | | |
| Improvement in occupancy levels across council properties resulted in overachievement of income of £118k. This was primarily from Shambles properties, Gillygate and Miscellaneous properties. | (-) | 118 |
| | | (-) 76 |
| Strategic Business & Design | | |
| <u>Employees</u> | | (+) |
| Overspend on agency staffing covering for vacancies | | 30 |
| <u>Supplies & Services</u> | | (+) |
| Additional use of external consultants £41k re framework arrangement (funded from additional income below) offset by underspends on photocopying £-3k and subscriptions £-4k and other misc supplies and services (£-1k). | | 33 |
| <u>Income</u> | | |
| Additional income of £44k for capital scheme fees funding the use of framework consultants above | (-) | 45 |
| | | (+) |
| | | 18 |
| Property Transfer & Disposal | | |
| Lower than anticipated costs incurred dealing with surplus properties charged to the property transfer and disposal budget. | (-) | 13 |
| <u>General</u> | | |
| Other miscellaneous underspends across the service plan | (-) | 4 |
| | | (-) |
| | | 17 |
| Property Services Total | | (-) 170 |

RESOURCES PERFORMANCE TABLES

PUBLIC SERVICES

| PI | 06/07 perf. | 07/08 Target | 07/08 result | Target met for year end? | Direction of travel: 06/07 to 07/08 |
|--|-------------|--------------|--------------|--------------------------|-------------------------------------|
| BVPI 9 - % of Council tax collected | 96.8% | 97.2% | 97.3% | ✓ | ↑ |
| BVPI 10 - % of non-domestic rates received by the authority | 98.2% | 98.9% | 98.3 | ✗ | ↑ |
| BVPI 78a – Housing and CTB – speed of processing new claims | 35 days | 32 days | 29 days | ✓ | ↑ |
| BVPI 78b - Housing and CTB – speed of processing changes in circumstances | 15 days | 14 days | 12 days | ✓ | ↑ |
| BVPI 79a – Housing and CTB – accuracy of processing new claims | 97.8% | 98.4% | 98.6% | ✓ | ↑ |
| BVPI 79bi - Housing Benefit – overpayments recovered as a % of amount identified for the period | 70.33% | 72% | 60.85% | ✗ | ↓ |
| BVPI 79bii – Housing Benefit – overpayments recovered as a % of amount outstanding at the end of the period | 22.89% | 29% | 22.71% | ✗ | → |
| BVPI 79biii – Housing Benefit and CTB – overpayments written off during the period as a % of the total outstanding at the end of the period | 7.12% | 6% | 5% | ✗ | ↓ |
| BVPI 80g - Benefits satisfaction survey - overall satisfaction | 64% | 3 yearly PI | N/A | N/A | N/A |

PROPERTY SERVICES

| PI | 06/07 perf. | 07/08 Target | 07/08 result | Target met for year end? | Direction of travel: 06/07 to 07/08 |
|---|-------------|--------------|--------------|--------------------------|-------------------------------------|
| BVPI 156 - %of buildings open to the public with access for the disabled | 83% | 85% | 87% | ✓ | ↑ |
| COLI 51 - % of target capital receipts received in the year | 106% | 100% | 88% | ✗ | ↓ |
| COLI 52 - % of Council floorspace vacant for more than 12 months | 0.15% | 1.25% | 0.16% | ✓ | → |
| COLI 67 - % of local authority buildings needing urgent repairs | 11% | 10% | 27% | ✗ | ↓ |
| COLI 68 – Value of outstanding urgent/essential repairs to council buildings | £12,773,833 | Not Set | £18,990,468 | Not set | ↓ |

IT&T

| PI | 06/07 perf. | 07/08 Target | 07/08 result | Target met for year end? | Direction of travel: 06/07 to 07/08 |
|---|-------------|--------------|--------------|--------------------------|-------------------------------------|
| COLI 71 - The percentage of time that major IT systems and infrastructure is available | 99.98% | 99.30% | 99.88% | ✓ | → |

AUDIT AND RISK MANAGEMENT

| PI | 06/07 perf. | 07/08 Target | 07/08 result | Target met for year end? | Direction of travel: 06/07 to 07/08 |
|---|-------------|--------------|--------------|--------------------------|-------------------------------------|
| BVPI 76b – Housing & CTB – number of Fraud Investigators per 1000 caseload | 0.50 | 0.50 | 0.49 | ✗ | → |

| | | | | | |
|--|-------|-----|-------|---|---|
| BVPI 76c – Housing & CTB – number of fraud investigations per 1000 caseload | 44.59 | 45 | 43.20 | X | ↓ |
| BVPI 76d – Housing & CTB – numbers of prosecutions/ sanctions per 1000 caseload | 4.22 | 4.9 | 3.96 | X | ↓ |

FINANCIAL SERVICES

| PI | 06/07 perf. | 07/08 Target | 07/08 result | Target met for year end? | Direction of travel: 06/07 to 07/08 |
|--|-------------|--------------|--------------|--------------------------|-------------------------------------|
| BVPI 8 - % of invoices for goods and services that were paid for in 30 days | 93.29% | 95% | 92.82% | X | ↓ |

CUSTOMER FIRST INDICATORS

| PI | 06/07 perf. | 07/08 Target | 07/08 result | Target met for year end? | Direction of travel: 06/07 to 07/08 |
|--|-------------|--------------|--------------|--------------------------|-------------------------------------|
| BVPI 12 – Number of working days lost to sickness absence | 10.38 days | 12 days | 10.99 | ✓ | ↓ |
| CG 3 – The number of letters received responded to within 10 working days | 94.85% | 95% | 97.34% | ✓ | ↑ |
| CG4 – Number of visitors seen within 10 minutes | 99% | 95% | 98.53% | X | ↑ |
| CM 10 – The number of Stage 2 complaints received responded to within 10 working days | 83% | 95% | 80% (4/5) | X | ↓ |

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Appraisals completed for Resources 2007/08

| Service division | Number of staff in division | Number of staff appraised | Percentage of staff appraised |
|----------------------------------|------------------------------------|----------------------------------|--------------------------------------|
| Director | 6 | 0 | 0% |
| Public Services | 163 | 122 | 75% |
| IT&T | 42 | 40 | 95% |
| Audit and Risk Management | 27 | 26 | 96% |
| Property Services | 47 | 46 | 98% |
| Financial Services | 49 | 13 | 27% |
| easy@york | 16 | 8 | 50% |
| TOTALS | 350 | 255 | 72% |

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2007-08 Capital Programme – Resources




The revised capital programme is £6,062k, with an overall underspend of £2,493.1k. The underspend on Property is mainly due to slippage on the Admin Accom project (£-934.9k). The IT development plan projected expenditure of £1,120k compares to an outturn position of £331k and primarily reflects delays in the Social Care replacement programme - £536k. The Easy programme has an underspend of £459k at the year end which relates to the delay in the benefits implementation.


| SCHEMES | Budget £k | Outturn £k | Variance £k | Comments |
|---|----------------|----------------|--------------------|---|
| PROPERTY | | | | |
| 35 Hospital Fields Road | 170.0 | 152.4 | (-) 17.6 | Technical difficulties have arisen on a number projects during the design phase. These relate to consultation with statutory bodies on listed buildings and ensuring the timing of the works do not effect service delivery. 45k of works to Knavesmire Depot and York Archives have continued into 2008/09. Both projects were completed in April. |
| Access Audits/DDA work | 181.0 | 37.4 | (-) 143.6 | |
| Preservation of Buildings Repairs Backlog | 179.0 | 89.1 | (-) 89.9 | |
| Property Key Components | 238.0 | 285.9 | (+) 47.9 | |
| Admin Accom | 2,770.0 | 1,835.1 | (-) 934.9 | Programme slippage due to extensive consultation with planning authority and professional bodies on the design of the new building. |
| Holgate Windmill | 10.0 | 12.0 | (+) 2.0 | Further works undertaken due to unforeseen ground conditions. Higher fees than anticipated paid to resolve party wall negotiations. |
| PPA –Commercial Properties (Silver St) | 91.0 | 104.5 | (+) 13.5 | |
| Removal of Asbestos | 83.0 | 21.0 | (-) 62.0 | This budget has a contingency to fund the removal of asbestos that has been identified as a risk, cannot be managed intact or as part of removal programme. The balance will be slipped in to 2008/09 to meet any future needs. |
| Knapton Recreational Field | 40.0 | 40.0 | | |
| Sub-total | 3,762.0 | 2,577.4 | (-) 1,184.6 | |
| Easy @ York project | 1,120.0 | 660.3 | (-) 459.7 | This underspend is primarily linked to the benefits implementation project which was delayed due to the moratorium on organisation change due to Job Evaluation project. Costs have also been reduced by transferring the implementation from an external company to in-house resources. Further expenditure is estimated to be £120k during 2008/09 |
| IT&T Equipment Purchase | 1,180.0 | 331.3 | (-) 848.7 | This underspend is primarily linked the Social Care replacement programme - £536k. Delays have been suffered within this project due to the non availability of key staff within the customer Directorate but, in year savings have also been realised from the use of CYC staff undertaking Development work originally scheduled to be undertaken by a 3rd party company. |
| Total capital programme | 6,062.0 | 3,568.9 | (-) 2,493.1 | |

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RESOURCES DIRECTORATE PRIORITIES






PEOPLE





| Resources Priority | | Description | Links | Lead Responsibility | Outcomes (Key milestone or measure of performance) |
|--------------------|----------|---|-------------------------------|---------------------|---|
| 1 | People 1 | Implement Job Evaluation/ Pay & Grading for Council & for Resources | Corporate Strategy Imperative | D of R | By July 2008 |
| Owner | | Comments | | | Situation v. target |
| Simon Wiles | | A full set of proposals have been negotiated with Unions and put to staff. A ballot on these is being organised by the unions. In the meantime individual cases are being reviewed to explain them and correct any errors, implementation plans are being finalised and options worked up in preparation for the outcome of the ballot. | | | Sept 08 is now more likely given the delay to ballot  |
| 2 | People 2 | Improve Performance Management | OEP – Leadership | RMT | Scorecard-based reporting from April 08 |
| RMT | | All ADs have completed list of PI's and other key performance info which will form the basis of regular performance monitoring info meetings between the new Director and ADs | | | Scorecards in place - further implementation delayed until Sept/Oct 08  |
| 3 | People 3 | Develop & Implement a Departmental Communications Plan | OEP - People | D or R | August 2008 |
| Simon Wiles | | No progress other than a few emails to staff has been made on this and it will need to await the new Director. | | | November 08  |
| 4 | People 4 | Restructure top management team in light of departures, savings and corporate restructure | Priority | D of R | June 2008 |

| | | |
|-------------|--|---|
| Simon Wiles | Corporate restructure taking place June/July. Pay and Grading moratorium has also delayed the Revenues and Benefits restructure, which is now likely to be September. The dept JCC has met and proposals have been outlined to the unions. |  |
|-------------|--|---|




| | | | | | |
|---|----------|---|--------------|-----|--|
| 5 | People 5 | Improve Absence Management | OEP – People | RMT | Reduce target by one day and achieve for year of 2008/09 |
| | RMT | This will be reported on at year end 08/09, but will be monitored by RMT over the course of the year. Figures to date show continued improvements in short term sickness which is now at a good/low level, but serious problems with long term sickness in 2007/8 which are improving as staff return to work after hospital treatments | | | Ongoing |

SYSTEMS AND PROCESSES


| | | | | | |
|----------------|-------------------------|--|------------------------------------|---------------------------|---|
| 6 | Systems/ Processes 1 | Deliver the Hungate Project & ensure that it reduces our carbon footprint | OEP – Environmental Sustainability | Head of Property Services | September 2010 |
| Owner | | Comment | | | Situation v. target |
| Neil Hindhaugh | | 'Planning application submitted. Construction works planned to commence late 2008 for completion in Summer 2010. Staff to be relocated before Christmas 2010.' | | |  |
| 7 | Systems/ Processes 2 | FMS Implementation | Corporate Strategy – Imperative | Head of Finance | November 2008 |
| Sian Hansom | | Now on schedule for 'go live' in January 09. Replacement Project Manager now in post. Replacement Finance manager in recruitment phase | | |  |
| 8 | Systems/ Processes 3 | Determine way forward for new HR/Payroll system and begin implementation | OEP | Head of Finance | March 2009 |
| Sian Hansom | | This is to be discussed with new Head of HR, when appointed. | | |  |
| 9 | Systems/ Processes 4 | Identify & implement a Resources wide business review & change programme prior to Hungate move | Corporate Strategy – Imperative | RMT | December 2009 |
| RMT | | Very limited progress on this yet. Will be a priority for the new Director | | |  |
| 10 | Systems/ Processes 5 | Develop a new IT Strategy for 2008-2012 | OEP – Efficiency | Head of Strategic IT | July 2008 |
| Roy Grant | | On target for completion against the agreed revised timescale | | |  |


| | | | | | |
|------------------------------|--|--|---------------------------|--|---|
| 11 | Systems/ Processes 6 | Develop Plans for an Organisational Change Programme | OEP – Leadership | Easy@york Programme Director | July 2008 |
| Tracey Carter | | CMT to discuss options in July 2008 | | |  |
| 12 | Systems/ Processes 7 | Develop a Competition Strategy | Direction of Travel (DoT) | Head of Audit & Risk Management | June 2008 |
| Liz Ackroyd | | Delayed by officer agreement in 2007/08 awaiting agreement of the thin client report by the Director - re-scheduled for completion in 2008/09. | | |  |
| 13 | Systems/ Processes 8 (Environmental) | Improve the environmental sustainability relating to the Council's occupation of buildings | Priority | Head of Property Services/ Head of ITT | Green IT - April 2008 Water & Energy Mgt - September 2008 New Office – September 2010 |
| Neil Hindhaugh/ Roy Grant | | Green ITT devices identified and procured, phase 1 roll out planned for 08/09 and phase 2 to be the subject of an approved 09/10 IT Development bid with subsequent deployment to be planned and complete pre the move into Hungate. | | |  |
| 14 | Systems/ Processes 7 | Develop new Annual Governance Statement and reporting arrangements | OEP - Governance | Head of Audit & Risk Management | June 2008 |
| Liz Ackroyd | | Done. New AGS developed and reporting process complete. New statement to be included in financial statements for 2007/08 as required. | | |  |

FINANCE AND ASSETS



| | | | | | |
|-----------------------------|-----------------------|--|-------------------------------|----------------------------------|---|
| 15 | Finance & Assets 1 | Deliver the Corporate Efficiency Programme | OEP (Efficiency) | D of R | March 2010 |
| Owner | | Comment | | | Situation v. target |
| Simon Wiles | | Corporate Efficiency and supporting Strategic Procurement Programme agreed by members, but requires greater detail, clarity, ownership and a re launch, together with being tied into the budget process. Relaunch planned for June 2008 | | |  |
| 16 | Finance & Assets 2 | Deliver the Asset Management Plan | CPA | Head of Property Services | March 2009 |
| Neil Hindhaugh | | On target for completion | | |  |
| 17 | Finance & Assets 3 | Identify agreed and funded York Stadium Project | Corporate Strategy Imperative | D of R/Head of Property Services | April 2008 |
| Simon Wiles/ Neil Hindhaugh | | Report on the way forward for this project agreed in principle by members at Urgency committee in May 2008. Final work being done on an independent financial review before loan and LABGI funding is finalised. N.B project to pass to Director of City Strategy from June 08 | | |  |

GOVERNANCE

| | | | | | |
|--------------|--------------|---|-----|---------------------------------|---|
| 18 | Governance 1 | Embed Risk Management across the Organisation | CPA | Head of Audit & Risk Management | April 2008 |
| Owner | | Comment | | | Situation v. target |
| Liz Ackroyd | | On-going development programme well in hand and requisite policy/strategy/decision making/systems & procedural frameworks all in place and well established. More needed to embed culture of risk management amongst chief officers, senior managers and politicians and gain credibility of that ownership with the District Auditor. Further roll-out of Magique frustrated by failure of ITD bid and this will need to be funded instead through contingency support in 2008/09 if this is to happen to support organisation's ability to deliver and embed. | | |  |

| | | | | | |
|-------------|--------------|--|-----|---------------------------------|---|
| 19 | Governance 2 | Identify and implement a Programme of Improvements to comply with CAA and CPA Use of Resources (UoR) | CPA | Head of Audit & Risk Management | June 2008 |
| Liz Ackroyd | | Action plan done and reported to CMT for forward monitoring. On-going implementation to continue. | | |  |

CUSTOMER

| | | | | | |
|---------------|------------|--|------------------------------|-----------------------|--|
| 20 | Customer 1 | Implement easy@york phase 1 & 2 within Resources and across the whole organisation. | OEP – Customers & Efficiency | Easy Project Director | September 2010 |
| Owner | | Comment | | | Situation v. target |
| Tracey Carter | | Programme on target. There have been slight delays to implementation of Benefits due to moratorium on restructures | | |  |
| 21 | Customer 2 | Develop & Implement new customer standards and services through better understanding of customers and more efficient service provision | OEP – Customers | Easy Project Director | March 2009 |
| Tracey Carter | | There is a new Customer Strategy in development which will incorporate revisions to customer standards and a revised approach to customer consultation | | |  |



**Meeting of the Executive Member for
Corporate Services and Advisory Panel****10 June 2008**Report of the Assistant Director (Audit and Risk Management)

Audit and Fraud Shared Service – Progress Report

Summary

- 1 To advise Members of the progress which has been made to date in developing the audit and fraud shared service initiative with North Yorkshire County Council (NYCC), and to recommend a few working adjustments to the proposed scope of the shared service project (as previously set out in the original Outline Business Case).

Background

- 2 A report was presented to Corporate Services EMAP on 18 March 2008, detailing the progress which has been made since the original approval to develop an audit and fraud shared service initiative with North Yorkshire County Council (NYCC). The report also provided details of the Outline Business Case (OBC), which set out the aims and objectives of the project, and the outcome of the options analysis for the future direction of the project and the long term organisational structure of the service.
- 3 Further to that report, Members agreed that:
 - a) work should continue to proceed with the scope and direction of the project, ie to establish a formal shared service between CYC and NYCC, as originally set out and agreed by Members in September 2007;
 - b) officers should develop a detailed business case for the implementation of option E (a wholly owned company limited by shares or guarantee) as the preferred (in principle) long term organisational structure of the shared service.

It was agreed that officers would report back to this Committee before progressing to full implementation of the chosen option.

- 4 The following outline timetable was proposed for developing the detailed Business Case/Project Implementation Plan;

| Action | Date |
|--|---------------------------|
| Prepare detailed Project Implementation Plan – which would include the following elements; <ul style="list-style-type: none"> • Company formation • Governance arrangements • Client roles and reporting arrangements • Contract preparation • Charging arrangements • Cost allocation • Staffing • Accommodation, IT and support services | April - August 2008 |
| Prepare Change Management Programme | June - August 2008 |
| Implement agreed structure, subject to final Member approval. | September - December 2008 |
| Target go-live date | 1 April 2009 |

Progress to Date

- 5 Members at NYCC also considered the Outline Business Case and the results of the options appraisal, at a meeting of the NYCC Executive on 6 May 2008 and the recommendations of the Project Board to CYC in March (as set out in paragraph 3 above) were similarly approved by NYCC Cabinet.
- 6 Progress has continued to be made to integrate working practices and systems across both teams. This work has included the preparation of consolidated audit and fraud procedure manuals, and the development of standard audit programmes. Work is also continuing with the process to migrate NYCC staff onto the CYC Galileo IT application. This involves reconfiguring the CYC system and the transfer of data from the NYCC system. Subject to testing, the migration work is expected to be completed by 30 June 2008.
- 7 Work on preparing the detailed Business Case/Project Implementation Plan is also progressing. Annex 1 provides details of the key actions and decisions which will be required as part of this process and before final Member approval is sought to implement the chosen organisational structure.

Outline Business Case

- 8 It is apparent that some adjustments to the original scope of the shared service initiative are necessary, further to the work now in hand to fully develop the outline business case as set out below.

9 Information Governance

The Internal Audit Service at NYCC has responsibility for all data management and information governance matters and these services were therefore included in the original scope of the project on the NYCC side of things. However, the decision as to whether or not these services should be included on behalf of CYC was left open until further consideration could be given to whether or not it would be to the Council's advantage to do so or not. Whilst there is no necessity for both Councils to receive exactly the same services from the shared service it is recognised that there is a close synergy between internal audit and information governance. In developing the outline business case, the Project Board has identified the opportunity to streamline some of the existing processes and generate efficiency savings by now including the transactional elements of data management work at CYC, within the shared service. This work involves the recording, distribution, monitoring and tracking of information requests to the Council (Freedom of Information requests and Data Protection Act – subject access enquiries). It is therefore proposed to extend the scope of the project to include this work, together with the administration of the Staff Warning Register and the central record of Regulation of Investigatory Powers Act (RIPA) authorisations. The responsibility for the ongoing development of the information governance policy framework at the Council and the provision of corporate advice will remain outside the shared service and will continue to be provided directly to CYC by ARM officers. In addition, the responsibility for responding to information requests will remain a directorate responsibility.

10 Administrative Support at CYC

Administrative support to the Audit and Fraud teams at CYC is currently provided by two members of staff. The two post holders also undertake the transactional data management work noted in paragraph 9 above. The original intention was that these posts might not be included in the shared service subject to the decision made in respect of the arrangements for information management services (hence their not being included in the original outline business case). The proposed inclusion of the transactional elements of data management work within the scope of the project now though means that the majority of the work undertaken by these two members of staff will relate to services provided through the shared service. The inclusion of this resource will also help provide the necessary capacity needed to service the general business and administration support needs of the new company. For this reason it is considered necessary and appropriate to include these two posts within the scope of the project.

11 Internal Audit and Fraud Structure Chart

The structure chart included in the original Outline Business Case contained an error in terms of reporting lines. The Financial Investigator should have been shown as reporting to the Deputy Audit and Fraud Manager rather than the Fraud Team Leader. An amended structure chart is attached at Annex 2 for information. This structure chart also includes the two administrative posts, noted above.

Consultation

- 12 Staff from both authorities, together with local and regional representatives from Unison are being kept informed of progress with the shared service. The two administrative assistants have been informed of the proposal to include their posts within the scope of the shared service.
- 13 Further formal consultation with staff and Unison on the proposals will be undertaken as part of the implementation process, in accordance with the Council's change management policies.

Options

- 14 Members have two options to consider at this stage in the project process. The first is to agree the minor changes to the Outline Business Case as set out in paragraphs 9-10. The second option is to leave the scope of the project unchanged. The first option is recommended.

Analysis

- 15 Not relevant at this stage. The detailed Business Case/Project Implementation Plan will be presented to Members for final approval prior to implementation of the chosen organisational structure. This will include a full analysis of the financial, legal and staffing implications of implementing the shared service.

Corporate Priorities

- 16 This report contributes to the Council's overall aims and priorities by helping to provide strong leadership, and by encouraging improvement in everything we do.

Implications

- 17 The implications are;
 - **Financial** – The proposed minor changes to the OBC have been discussed with Finance. The detailed Business Case/Project Implementation Plan will include details of the payment mechanism for the shared service, and the cost sharing arrangements between the two Councils. The Plan is being developed in accordance with the financial principles and projections set out in the original OBC. Final implementation will only take place when there is agreement between the two

Councils on the appropriate financial arrangements, and subject to final Member approval.

- **Human Resources (HR)** – HR have been consulted on the proposed minor changes to the OBC. The detailed Business Case/Project Implementation Plan will include full consideration of all the TUPE and other related implications, both for the Council and the staff concerned. Final implementation will not proceed until there is agreement between the two Councils regarding all aspects of the staffing implications.
- **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 for CYC arising from this report. Work is ongoing to enable NYCC staff to use the audit IT application currently used by CYC staff. The costs of this work are being met from funding provided by the Y&H Centre of Excellence.
- **Property** - there are no property implications to this report. It is proposed that the Council would provide fully serviced accommodation to the shared service, keeping with the provision currently made available to CYC audit and fraud staff.

Risk Management Assessment

- 18 The shared service offers an opportunity to deliver efficiencies and economies of scale. The risks of the project and the preferred option for the long term structure for the shared service are being monitored by the Project Board. Details of the initial risk assessment and the planned actions to mitigate those risks, were set out in the original OBC.

Recommendation

- 19 Members are asked to advise the Executive Member to;
- a) Note the progress which has been made in developing the audit and fraud shared service to date, and the work required to develop the full Business Case/Project Implementation Plan (prior to final Member approval);

Reason

To enable Members to consider the progress made to date and the next steps in the development of the shared service.

- b) Approve, the minor changes to the scope of the shared service project (as set out in paragraphs 9-10).

Reason

To enable Members to agree the scope of the services which are included in the project.

Contact Details

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Chief Officer Responsible for the report:

Liz Ackroyd
Assistant Director (Audit and Risk Management
Telephone: 01904 551706

Report Approved



Date 20 May 2008

Specialist Implications Officers

Patrick Looker – Finance Manager, City Strategy
Janet Neeve – HR Business Partner, Chief Executives

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

Annex 1 – Key actions/decisions necessary to support the preparation of the full
Business Case/Project Implementation Plan

Annex 2 - Revised Structure Chart

Action Plan - to support the preparation of the full Business Case/Project Implementation Plan

Legal Implications / Company Formation

| Issue | Action | Owner | Target Date |
|--|--|-----------------------|-------------------|
| Company formation | Identify process required to form company, and likely costs. Details to be presented to Members as part of the final Business Case. Actual company formation to be undertaken as part of implementation stage. | Project Board / Legal | 31 July 2008 |
| Articles and Memorandum of Association | Draft articles and memorandum of association to be prepared. | Project Board / Legal | 31 July 2008 |
| Composition of the board of directors | Agreement required on the composition of the board of directors. Project Board to discuss options, and present proposals to Members prior to implementation. | Project Board | 30 September 2008 |
| Shareholders Agreement | Draft agreement to be prepared, to include; <ul style="list-style-type: none"> • Voting rights • Membership of the company (and any subsequent changes) • Quorum • Frequency of board meetings • Appointment of company secretary • Profit sharing arrangements • Exit arrangements / distribution of any surplus | Project Board / Legal | 30 September 2008 |
| Appointment of external auditors | Obtain legal advice on the appointment and | Project Board | 31 July 2008 |

| Issue | Action | Owner | Target Date |
|--|--|---|--------------------|
| | remuneration of external auditors | / Legal | |
| Use of premises agreement | Draft agreement for the use of the Council's premises. | Project Board / Legal | 31 July 2008 |
| Company name and legal status | Obtain agreement on the company name and legal status (ie limited by shares or guarantee) | Project Board / Legal | 31 July 2008 |
| Registered office | Obtain agreement on the proposed location of the company's registered office. | Project Board | 31 July 2008 |
| Directors | Obtain legal advice on the need for Member / officer indemnities | Project Board / Legal / Insurance | 31 July 2008 |
| Dispute Resolution | Obtain agreement on the proposed dispute resolution arrangements between the two Councils. | Project Board | 31 July 2008 |
| Contract | Prepare draft contract (to include output based specification and payment mechanism). | Project Board / Legal | 30 September 2008 |
| Loan (working capital) | Consider possible requirement for a loan to cover the working capital needs of the company. Prepare draft loan agreement (if necessary). | Project Board / Legal / Finance | 31 July 2008 |
| Existing contracts for supplies and services | Obtain legal advice on the assignment of contracts to the company. | Project Board / Legal | 31 July 2008 |

| Issue | Action | Owner | Target Date |
|--------------|---------------|--------------|--------------------|
| | | | |

Governance Arrangements

| Issue | Action | Owner | Target Date |
|--------------------------------|--|---------------|--------------------|
| Governance policies | Prepare draft governance policy framework (to include financial, contract and HR procedure rules). | Project Board | 30 September 2008 |
| Reporting to Members | Establish the proposed arrangements and frequency of reporting to Members. | Project Board | 31 July 2008 |
| Client arrangements | Establish proposed client / contract monitoring arrangements. | Project Board | 30 September 2008 |
| Data sharing / confidentiality | Draft agreement on data sharing and confidentiality to be prepared. | Project Board | 31 July 2008 |

Financial Implications

| Issue | Action | Owner | Target Date |
|-----------------|---|-------------------------|--------------------|
| Annual accounts | Establish the arrangements for preparing the company's accounts, and confirm the treatment in the Council's own accounts / disclosure requirements. | Project Board / Finance | 31 July 2008 |
| Budgets / cost | Undertake detailed analysis of existing | Project Board | 31 July 2008 |

| Issue | Action | Owner | Target Date |
|------------------|---|------------------------------|--------------------|
| | budgets, to confirm baseline position. | / Finance | |
| VAT | Establish the VAT status of the company. | Project Board / Finance | 31 July 2008 |
| Cash flow | Prepare cash flow forecast, and identify implications for the company's working capital. | Project Board / Finance | 31 July 2008 |
| Insurance | Identify insurance requirements and likely costs. | Project Board / Insurance | 31 July 2008 |
| Bank account | Establish banking arrangements. | Project Board / Finance | 31 July 2008 |
| Support services | Obtain agreement on the future provision of support services to the company (and identify the implications of systems/processes). | Project Board | 30 September 2008 |

Staffing Implications

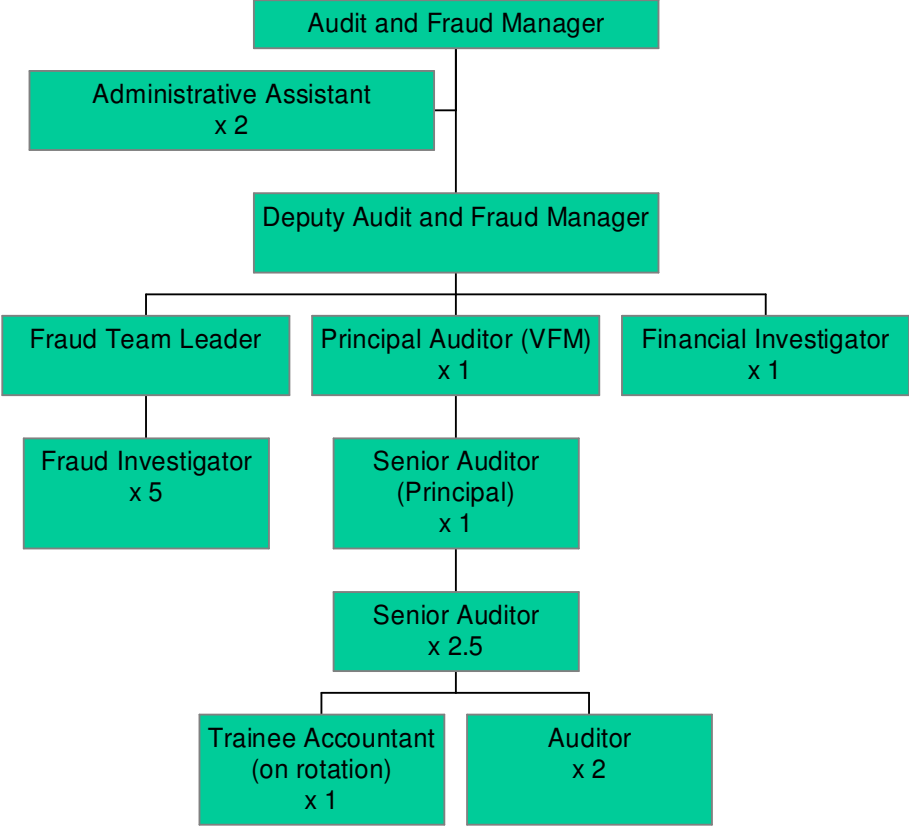
| Issue | Action | Owner | Target Date |
|----------------------------|--|-----------------------|--------------------|
| Staff terms and conditions | Prepare matrix of comparison of main terms and conditions of employment, HR policies and procedures (NYCC & CYC). Confirm provision of support services – Payroll, HR, ITT, H&S. To consider TUPE & other staffing related | Project Board / HR | 30 September 2008 |

| Issue | Action | Owner | Target Date |
|-----------------------------|---|------------------------------|-------------------|
| | implications of partnership, including possible harmonisation of staff terms and conditions. | | |
| Pension Fund | Establish the arrangements for gaining admitted body status to the North Yorkshire Pension Fund. Confirm the associated costs of gaining admitted body status. Confirm the company's employers contribution rate. | Project Board / HR / Finance | 30 September 2008 |
| Project Implementation Plan | Prepare detailed project implementation plan incorporating communication, individual and collective employee consultation, and consultation with Trade Unions. | Project Board / HR | 30 September 2008 |

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City of York Council Internal Audit and Fraud Revised Structure Chart

Annex 2



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Meeting of Executive Member for Corporate Services and Advisory Panel

10 June 2008

Report of the Assistant Director Audit and Risk Management

Insurance Services Outturn Report 2007/08

Summary

- 1 The purpose of this paper is to inform Members of the progress made by the Insurance service during 2007/08. It considers the teams key achievements in relation to the effective and efficient management of the insurance portfolio and in particular:
 - performance of the insurance funds;
 - efficient management of claims;
 - un-insured risk exposures.

Background

- 2 The Insurance Team play an important role in protecting the Council from unnecessary exposure to risk and minimising the costs of insurance premiums and third party insurance claims against the Council. As with the other services in the Audit & Risk Management Division (ARM), the team makes a significant contribution to ensuring good governance arrangements are put in place and maintained across all Directorates at the Council. They act as both a support service to other parts of the organisation and provide a direct claims handling and advice service to both internal and external customers; handling an caseload of approximately 1,000 claims per annum.
- 3 The service manages some 27 separate insurance policies covering various areas of potential risk and liability ranging from personal injury to professional negligence. The four principle policies held by the Council are:
 - Public Liability – personal injury & damage to property
 - Employers Liability – personal injury to employees
 - Motor Vehicle – damage to and incidents involving Council vehicles
 - Property – damage to Council property

Insurance Funds

- 4 The Council's self-insurance funds were established following local government reorganisation in 1996. The key drivers for this included the volatility of external insurance premium and the demise of the local authority insurer Municipal Mutual. This provided a catalyst for the Council to take a more strategic view of its insurance portfolio with the aim of developing an effective funding strategy underpinned by better understanding and management of its insurable risk.
- 5 Exhibit 1 below provides a summary of the current Public Liability funds position on the most recent policy years as at 31 March 2008.

Exhibit I

| Policy Year | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|------------------|----------|----------|----------|----------|----------|----------|
| Fund Recharged | £505,061 | £587,187 | £622,044 | £622,044 | £622,044 | 622,044 |
| Excess per claim | £10,000 | £25,000 | £25,000 | £50,000 | £50,000 | £50,000 |
| Paid from fund | £219,825 | £248,794 | £237,983 | £191,902 | £69,231 | £13,895 |
| Outstanding | £0 | £34,506 | £71,618 | £97,816 | £123,750 | £251,305 |
| Total Incurred | £219,825 | £283,300 | £309,601 | £289,718 | £192,981 | £265,200 |
| Residual Fund | £285,236 | £303,887 | £312,443 | £332,326 | £429,063 | £356,844 |

- 6 The funds (provisions) set out at Exhibit 1 above are ring-fenced and as such can only be used to pay for any claims arising during the year to which they relate. To ensure that we do not retain too high a provision in each policy year, an exercise is undertaken annually at closedown to ascertain the outstanding liabilities including any IBNR (claims where the incident has occurred but the claim has not yet been received). Any residual fund balances (as shown in exhibit 1) have been transferred to the general insurance reserve where they have provided contingency funding for unexpected prior year claims and budgeted annual insurance savings. The high level of residual fund balances reflect the Council's success in managing its insurable risk effectively.

Claims Management

- 7 A key aspect of the service provided by the insurance team relates to the efficient management of claims to ensure compliance with legal protocols (Woolf protocols) and to facilitate the effective management of the insurance funds.
- 8 Exhibit 2 below shows the number and costs of public liability claims made against the council.

Exhibit 2

| | | | | | | |
|-----------------------|----------|----------|----------|----------|----------|----------|
| Policy year | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
| Number of Claims | 437 | 359 | 327 | 269 | 253 | 190 |
| Closed | 431 | 346 | 317 | 249 | 224 | 88 |
| Closed at Nil payment | 345 | 276 | 256 | 203 | 184 | 71 |
| Open | 6 | 13 | 10 | 20 | 29 | 102 |
| Paid | £287,449 | £260,837 | £336,571 | £211,775 | £73,215 | £14,192 |
| Reserve | £0 | £159,507 | £86,618 | £103,855 | £119,000 | £277,308 |
| Repudiation Rate (%) | 80.04 | 79.76 | 80.75 | 81.52 | 82.14 | 80.68 |

- 9 The claims information set out at exhibit 2 above clearly shows the reducing number and cost of public liability claims against the Council. The repudiation rate is the percentage of closed claims where no payment has been made to the third party (National Average 65%). There are a number of reasons as to why we are able to maintain such an high repudiation rate, not least the inspection and maintenance regime within the highways department which provides us with a legal defence to many claims. As we have trained departments across the Council with regard to the claims process and the information that is required in order to process the claims efficiently and effectively all areas are now showing improvements in their repudiation rates. All claims that are reported to the team are dealt with promptly and as at 31 March 2008 there were no claims awaiting processing.

Uninsured Risk Exposures

- 10 The current insurance portfolio represents a balance between insured risks taking into account the Councils claims history and uninsured risks which are considered remote and uneconomical to insure. This approach has been successful in ensuring that the Council has robust and economically viable insurance provision which meets most claims that arise however there are areas or residual risk that Members need to be aware of these include:
- a) **Theft from Property** - This has not been previously insured however the growing economies of the Indian sub-continent and China has increased the price and value of metals including Lead which is included in the construction of many Council school buildings. Following a spate of Lead theft from schools (£118K) during 2007 this cover has been added to our Property policy in respect of schools only with effect from 1 April 2008. It is recommended that cover is not extended to the rest of the

property portfolio at this time as there is little evidence of theft from other Council buildings.

- b) **Flood Cover for Housing Stock** - Currently, the cover in respect of the Council's HRA housing stock is limited to fire, lightening, explosion and aircraft only. This has been an economic and claims experience based decision. The lack of cover in this area has again been raised following some of the worst flooding in the UK for more than 100 years costing the insurance industry an estimated £3 billion. Insurers require considerable information as detailed below in order to obtain a quote. The information required is not easily obtainable and any quote for cover including excess can only be obtained from Zurich Municipal's parent company (Zurich) in Switzerland. As there are no historical financial losses with regard to this peril it is recommended that the risk is not insured at this time.
- i. Details of all housing stock including full postcode and whether it is a house or flat along with description such as terraced or semi detached etc.
 - ii. Details of losses in the last 5 years
 - iii. What improvements to local flood defences and drainage infrastructure are planned for the next three years.
 - iv. What contingency plans are in place to protect flood prone properties or to respond to flash flooding.
- c) **Subsidence Cover** - This is not a major issue for the Council (One claim only reported recently). The premium costs for this type of insurance are significant but with very little claims history careful consideration should be given as to whether this cover is required and if so, whether it should apply to our entire property portfolio or just to specific buildings such as schools. It is not recommended that cover is procured across the property portfolio at this time.
- d) **Terrorism Cover** - The last time the issue of terrorism cover was considered was when York hosted the ECOFIN (a major meeting of European Economics and Finance Ministers) in 1998 when the City's profile was heightened and perceived to be at a greater risk of a terrorism attack. The decision by Members at that time was not to purchase this cover but accept the risk. Due to the fragmented nature of council owned administrative accommodation, terrorism is not a substantial risk to the Authority. However, with the increasing number of domestic terrorism incidents and the move to Hungate providing a higher profile target Members as part of this report may again wish to consider whether they wish to procure this type of cover. The risk remains low at this time and any decision can be again reviewed prior to the move to Hungate.

Market Conditions

- 11 The team proactively 'horizon scan' keeping abreast of all industry developments and market conditions. This knowledge and awareness assists in negotiating the best terms with our Insurers at renewal. It also helps in determining the level and scope of our internal insurance funding structure.
- 12 As insurance is a pooling mechanism what happens in the world outside local government can have a positive or detrimental affect on the Council's external insurance premium. The self-funding programme was specifically developed to soften the impact of any external insurance premium increases however the procurement of some external premium does not allow us to escape them in full.
- 13 The renewal terms offered by Zurich for the 2008/09 policy year are favourable and below budgeted estimate. As premium is based upon declaration policies accurate figures will not be available until July however at present the saving is in the region of £5K. Taking into account the effect on the Insurance industry of the turmoil in the world money markets and the losses from last years severe weather events this is a very satisfactory result for the council. This has been achieved by efficient management of insurable risk, ensuring that accurate, robust and timely information is provided to insurers demonstrating that the Council fully understand their insurable risk profile.

Consultation

- 14 Not Applicable.

Options & analysis

- 15 Not applicable

Corporate Priorities

- 16 The effective and efficient management of the Council's external insurance portfolio will support the delivery of the Council's corporate priorities and is consistent with the purpose and intent of the direction and values statements underpinning the Corporate Strategy as a whole.

Implications

- 17 There are no financial, HR, Equalities, Legal, Crime & Disorder, IT or Property implications to note.

Risk Management

- 18 There are no risks associated with the recommendations made by this report to note.

Recommendations

- 19 Members are asked to advise the Executive Member for Corporate Services to:

- a) note the contents of this report

Reason

To advise Members of the progress made by the insurance team in delivering an effective and efficient insurance service to the Council

- b) consider & take a decision on whether insurance cover should be procured in respect of the uninsured risks set out between a) to d) at paragraph 10 of this report.

Reason

To allow Members to take an informed decision on whether to extend the Council's insurance portfolio to risks that are currently uninsured.

Contact Details

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01904 552953

Chief Officer Responsible for the report:

Liz Ackroyd
Assistant Director of Resources (ARM)

Report Approved Date 27/05/2008

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers: None

Annexes: None



**Executive Member for Corporate Services and 10 June 2008
Advisory Panel
Report of the Director of Resources**

Treasury Management Annual Report & Review of Prudential Indicators

Summary of Report

1. This reports updates the Executive Member on Treasury Management performance for 2007/08 compared against the budget taken to Council on 21 February 2007. The report summarises the economic environment over the 2007/08 financial year and reviews treasury management performance in the following areas:
 - Borrowing,
 - Investments,
 - The Venture Fund,
 - Treasury Management Outturn and
 - The Prudential Indicators.

Consultation

2. The majority of this report is for information purposes and reporting on the performance of the treasury management function. Members through the budget process set the level of budget and expected performance of the Councils treasury management function.

Options/Analysis

3. Previously this report has requested Member approval for the adoption of the Treasury Management Policies and Practices for the current financial year as recommended by Chartered Institute of Public Finance and Accountancy (CIPFA). However to enable the Policies and Practices to be in place for the 1 April 2008 the revised Policies and Practices were included in the 2008/09 Treasury Management Strategy Statement and Prudential Indicators report on 12 February 2008) were Members were asked to recommend approval by Council (at Budget Council 21 February 2008).

Corporate Priorities

4. Effective treasury management is concerned with the management of the Council's cash flows, its banking, money market and capital transactions, the management of debt, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. By effectively and proactively managing its treasury activities the Council will meet its Corporate Strategy Value of "Encouraging improvement in everything we do".

Economic Background

5. The performance of the Council's treasury management function is an outcome of the short term investment and long term borrowing decisions which were affected by the following economic conditions during the 2007/08 financial year.
 - a. When the 2007/08 budget was set in January 2007, the Bank of England base rate was at 5%. Expectations at this time suggested that the rate would remain at this level for the majority of the year, with the possibility of a quarter of a per cent (0.25%) reduction to 4.75% in early 2008. However, there was a surprise increase in rates in early 2007, as the Bank of England reacted to newly emerging inflation concerns. The bank rate therefore started the financial year at 5.25% with expectations pointing to further increases. An increase in rates to 5.5% duly occurred on 10th May 2007 after the Governor of the Bank of England had written a letter to the Chancellor in April explaining why the Consumer Price Index (CPI) had risen to more than 1% above the official CPI inflation target of 2%. Another rise was delivered on 5th July when Bank Rate rose to 5.75% and the markets fully expected Bank Rate to increase again. The August Inflation Report indicated that the Bank Rate needed to rise to 6% to keep inflation at target in two years time.
 - b. August, as it transpired was the peak of interest rates as what has become known as 'the credit crunch' hit the markets and the global economy. Fears arose that a large number of sub prime loan investments would turn out to be worthless and this in turn would lead to bankruptcies amongst the banking sector. As a result of the ensuing reluctance of banks to lend to each other, the Federal Reserve Bank in the US injected \$38bn of liquidity into the markets on 9th August. The European Central Bank (ECB) followed suit but the Bank of England stood on the sidelines only making cash available at a penal rate of 1% above Bank Rate. On 17th August the Federal Reserve cut interest rates by 50 basis points (bp) to 5.25%. The dislocation in the markets continued throughout the summer until on 14th September it was announced that the Bank of England had

provided billions of pounds of financial support to Northern Rock. Northern Rock had been affected by the drying up of the wholesale money markets which provided 80% of its funding. On 17th September the Chancellor announced a Government guarantee for all deposits held at the stricken bank. At its October meeting the Monetary Policy Committee (MPC) declined to cut Bank Rate, being concerned about the inflation outlook. UK data continued to be robust during the autumn although CPI dropped to 1.8% in September. The 3 month London Inter Bank Bid Rate (LIBID) still remained well above Bank Rate. On 31st October the Federal Reserve cut rates again to 4.50% and the following day they added \$41bn of reserves in an attempt to free up the markets. The MPC eventually cut Bank Rate on 6th December to 5.50% as concerns about the economy and the credit crunch mounted.

c. 2008 was ushered in with major fears about the global economy. Stock markets fell sharply and government bond yields fell. On 22nd January the Federal Reserve cut rates, this time by 0.75% to 3.5%, and once more on 30th January to 3%. The MPC followed suit in February cutting Bank Rate by 0.25% to 5.25%. In late February and March the markets seized up again, forcing concerted liquidity intervention by the world's central banks, initially to little avail. The year ended with the money markets anxious and nervous and the interest rate on 3 month investments 0.75% above bank rate.

d. Figure 1 shows the actual base rate movements since 2004/05 with predictions from economic commentators for 2008/09 to 2010.

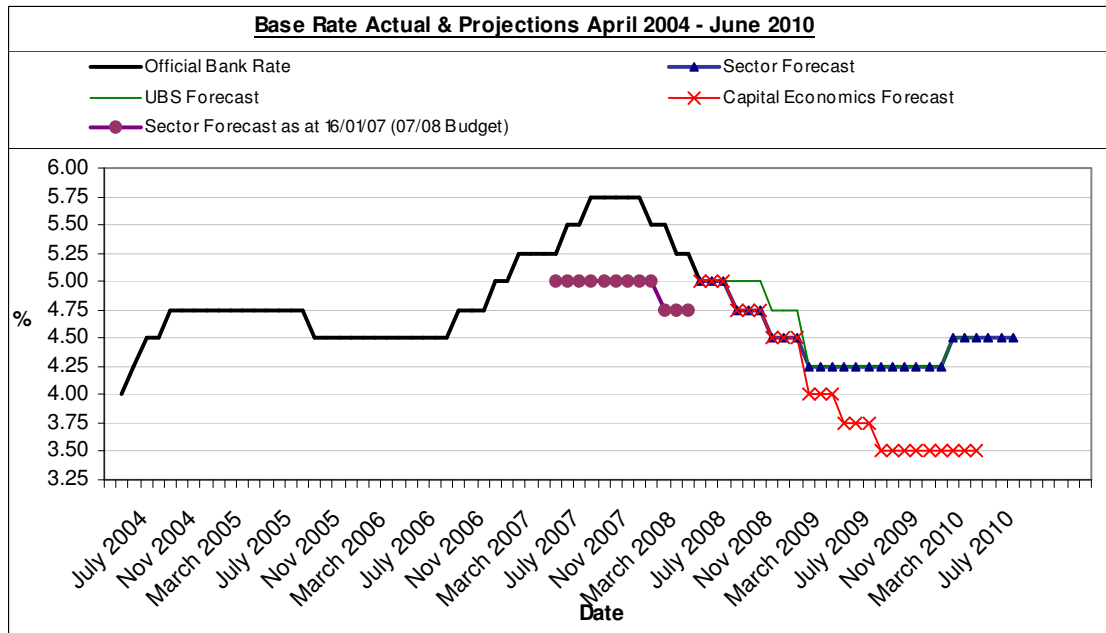


Figure 1 - Base Rates 2004- 2010 as at April 08

- e. Money Market rates have been extremely volatile since August with the development of the credit crunch leading to a great deal of uncertainty in the markets. Due to the volatility, longer term rates (3 months to 12 months) have been favourable at various points throughout the year but have been difficult to pick off due to the uncertainty regarding the short term direction of interest rates. Figure 2 illustrates the volatility of the money markets over 2007/08 financial year. The graph highlights the expected level of 3 month money market rates (3 month LIBOR) under normal trading circumstances (which is assumed here to be +0.30% above base rate) and when compared to the 3 month line illustrates the large variance between what would usually be seen and the much higher rates available due to the unusual market conditions. The variance has been as great as 0.86% which over the course of a 3 month investment of £1m would give additional interest earned of £2,144.
- f. The higher than budgeted interest rates have resulted in the Council earning £553k more interest than initially anticipated.

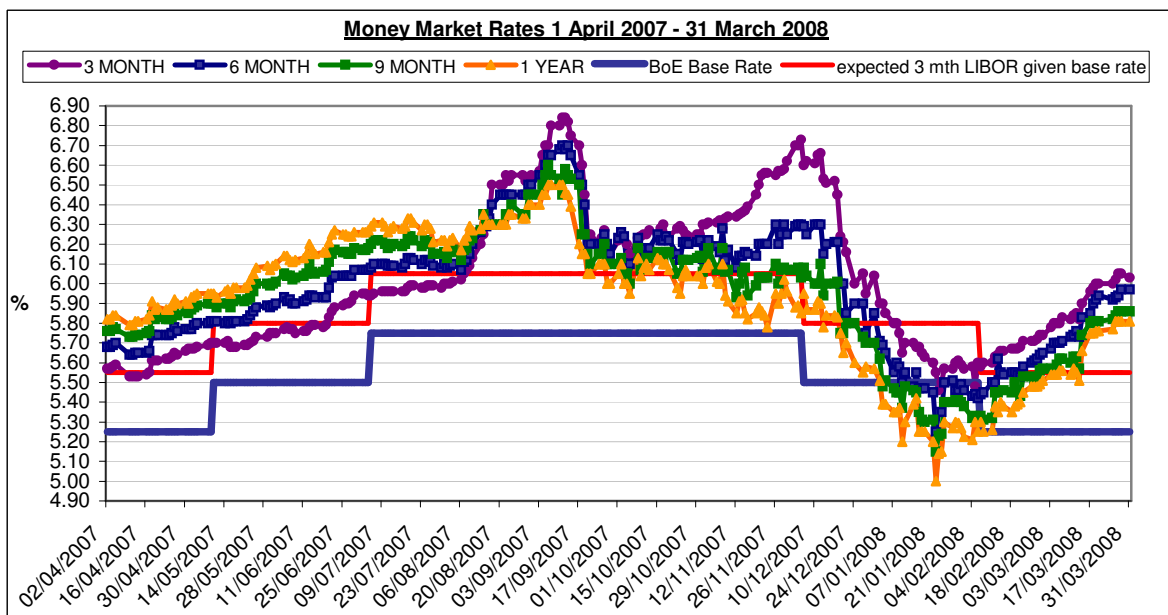


Figure 2 - Money Market Rates 2007/08

Long term Borrowing

6. The Council is permitted to borrow to fund capital expenditure. The majority of Council borrowing is funded by the government through the Revenue Support Grant (RSG), which provides the Council with revenue funding to allow it to meet the interest and repayment costs of borrowing. This funding is linked to the delivery of capital investment programmes such as the Local

Transport Plan and Schools' Modernisation programmes. The introduction of the Prudential Code in April 2004 gives the Council more flexibility in respect of how much and when it borrows. Under the Prudential Code, Councils are free to borrow up to a level that is deemed prudent, affordable and sustainable and within their prudential indicator limits. Any borrowing that is undertaken using the prudential code framework is not supported by government and has to be funded by the Council.

7. The Council's borrowing strategy is to borrow primarily from the PWLB when the rates are advantageous and hold back on borrowing when rates are relatively high following advice from the Councils treasury management advisors (Sector Treasury Services). The Council set a trigger point for taking long term borrowing of 4.25% during 2007/08. Long term borrowing rates for the 45-50 year period started the year at the 4.45% mark fluctuating throughout the year between 4.38% and 4.90%. Figure 3 illustrates the PWLB rates (the grey area showing rates between 25 and 50 years) for 2006/07 – 2007/08 including the loans borrowed by the Council.

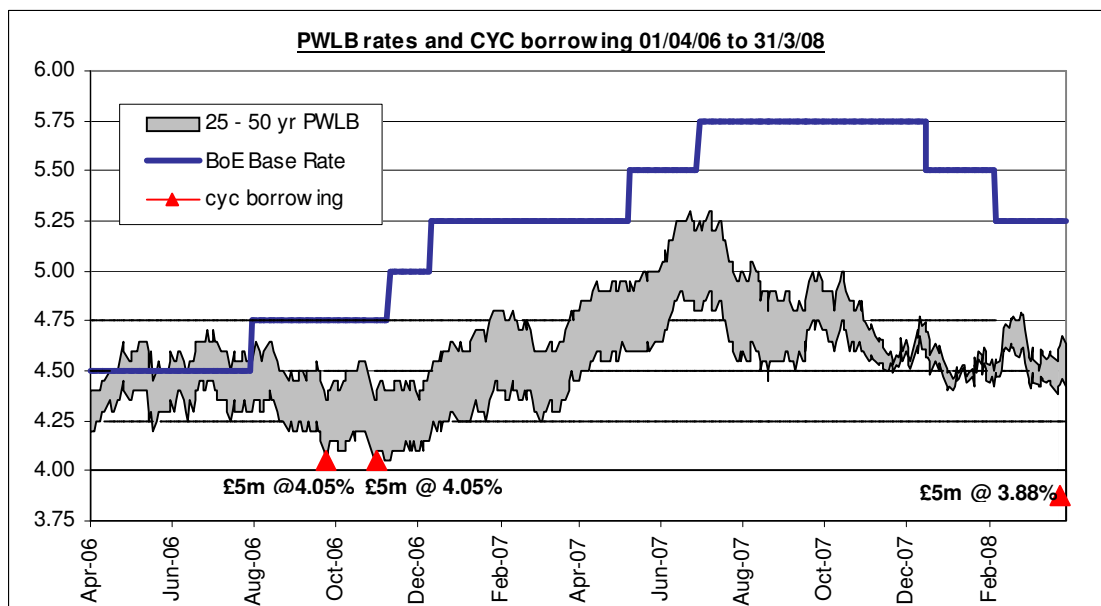


Figure 3 - PWLB rates vs. Bank of England vs. CYC borrowing levels

8. The volatility in yields was a direct reflection of the massive turnaround in interest rate sentiment brought about by the sub-prime crisis in the US. A radical change to the PWLB rate structure was introduced by the Debt Management Office (DMO) on 1st November when they moved to single basis point moves in their rates and introduced a separate repayment rate at the same time, at a level significantly below the rate at which they would lend new money.

9. The Councils long term borrowing started the year at £103.4m with one new loan being taken out in March 2008. The additional loan totalling £5m was a Lenders Option Borrowers Option (LOBO) loan at a rate of 3.88% per annum fixed for the first 3 years (until 1 April 2011). After the first 3 years the lender (Dexia Bank) have the option to raise the interest rate payable and the Council has the option to repay if it does not wish to pay the higher rate. If the rate is not raised the loan will continue at a rate of 3.88% with the option for the lender to increase the rate every 6 months thereafter (along with the option for the Council to repay). The Council is in a position to repay approximately £5m of debt per annum due to the Minimum Revenue Provision (MRP – the statutory set aside made each year for the repayment of debt). The Council will not therefore be exposed to any additional liquidity risk or interest rate risk due to holding this loan. Figure 5 shows the
10. One loan was repaid during 2007/08 with the borrowing at the end of the year was £104.4m. Table 1 summarises the movement in total Council borrowings during the year. The combination of higher than expected cash balances and PWLB rates not falling low enough, resulted in the decision to delay borrowing in 2007/08. This delay in borrowing, coupled with borrowing less than anticipated and at a lower rate than anticipated has resulted in an underspend of £482k against the start budget.

| | Date | £ | Prevailing Base Rate | Weighted % | Year of Maturity |
|-----------------------------------|---------------|--------------------|----------------------|---------------|------------------|
| Total Debts as at 1/4/07 | | 103,364,956 | 4.50% | 4.630% | |
| Less Loans Repaid | | 4,000,000 | | 4.35% | 2007/08 |
| Plus New Loans | 26 March 2007 | 5,000,000 | 4.50% | 3.88% | 2077/78 |
| Total Debts as at 31/03/08 | | 104,364,956 | 4.50% | 4.605% | |

Table 1 - Movement In Long Term Borrowing 2007/08

11. All of the new borrowing decisions were taken in light of the maturity structure of the Council's current long term borrowing. Prudential indicator 9 sets the permitted maturity structure of borrowing. The £5m loan was taken over a 69.5 year period to allow the most competitive rate to be gained. It should be noted that should the yield curve change the Council would move to borrowing shorter term money. The borrowing of long duration loans also reflects the Councils underlying need to borrow for capital purposes is forecast to rise steadily year on year for the foreseeable future and reflects the long term of the assets that it is financing. Figure 4 illustrates the 2007/08 and 2008/09 maturity profiles of the Council's outstanding loans.

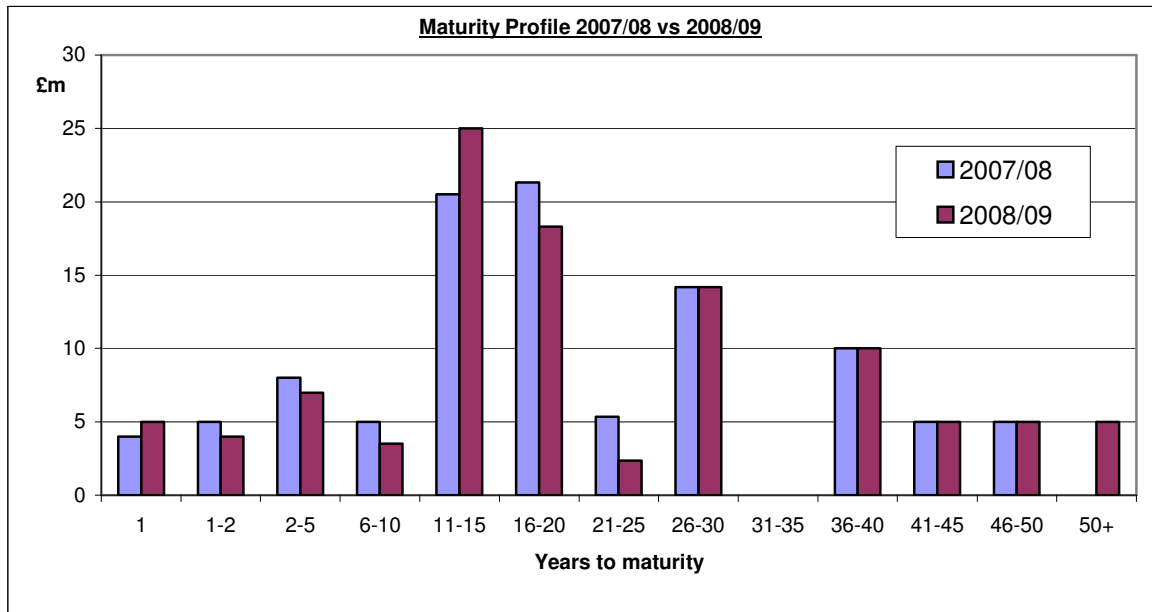


Figure 4 - Debt Maturity Profile 07/08 vs 08/09

12. As a result of the borrowing undertaken in-year, the average rate of interest on the Council's long term borrowing has fallen from 4.63% in 2006/07 to 4.605% by the end of 2007/08. This is 0.04% lower than the latest available average long term borrowing rate (source Sector 2007/08) for unitary authorities of 4.67%. Although the Council's average rate is lower than other similar authorities where it is not for the Club Loan of £10m at a rate of 7.155% which the Council is unable to restructure the Council's consolidated rate of interest could be as low as 4.35% (assuming the £10m Club loan were to be replaced at a level of 4.5%) Figure 5 shows the Council's long term borrowing compared to the national average and other unitary authorities.

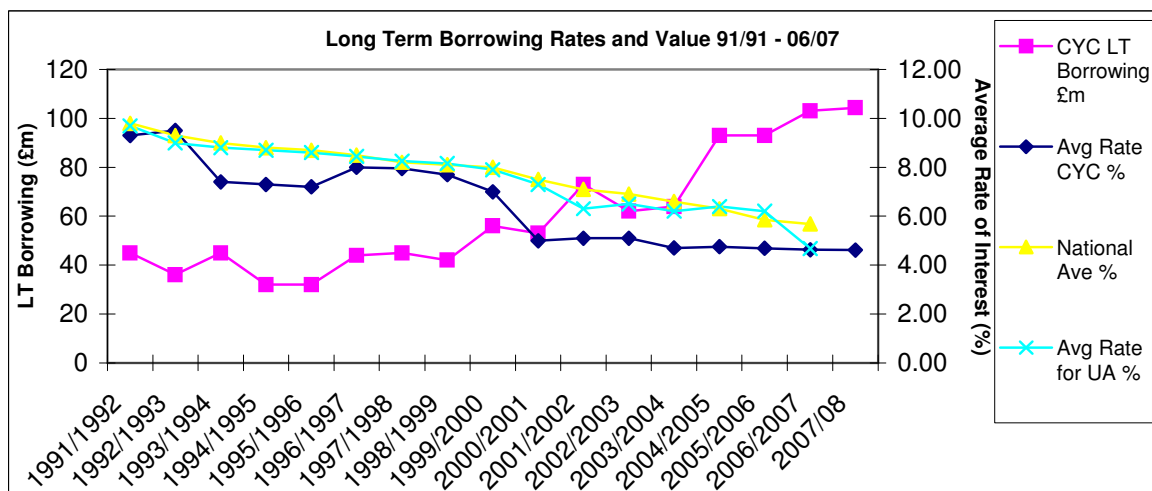


Figure 5 - CYC borrowing vs National Average vs Unitary Authority

Debt Restructure

13. No debt restructures occurred during 2007/08 although the treasury management team monitor the markets daily for rates that will allow favourable restructures. The council is still benefiting from restructures made in previous years which have considerably lowered the average debt interest rate in comparison with other unitary authorities.

Short Term Investments

14. The Council's average balance available for investment has increased significantly from £44.6m in 2006/07 to £67.8m in 2007/08. This increase in cash balances has resulted in additional interest earned over the budget position of £919k. The reasons for the increase in balances are:

- Early receipt of £10m of capital grants which were not applied in 2007/08.
- 2006/07 General fund underspend of c £3m
- 2007/08 General Fund underspend of approximately £3m
- 2006/07 Capital Programme Slippage of £5.5m
- In year Capital programme slippage of c£11m against start budget
- An increase in Housing Revenue Account working balances (approximately £1m)
- Surplus on the 2006/07 collection fund of c£1m.

15. The day to day cash balances varied in relation to the Council's receipts and payments cycle. Cash balances reduced at the end of the month due to the monthly payroll and increased at the beginning and mid point of the month with the receipt of Council Tax, Non Domestic Rates and major grants. Annex A shows the movement in daily cash balances over the year and compares this against average cash balance forecast at 1 March 2007. All surplus cash balances were invested with authorised counterparties in accordance with the Council's Treasury Policy Statement. Interest earned during the year on the cash balances totalled £3.924m (net of interest payable on temporary borrowing), which represents a 5.78% rate of return. This is 0.20% better than the average 7 day London Inter-Bank Bid Rate (LIBID) of 5.58%, the standard benchmark for short term cash management and 0.15% better than the Councils treasury management advisors' model investment portfolio which is based on cash available for long term investment only and not day to day cash flow funds. The interest earned was £1.472m higher than budgeted. This is attributable to higher than anticipated interest rates (£553k) and the increase in average balances (£919k).
16. Taking into account the direct costs of dealing, the in-house team achieved a net trading surplus of £3.87m. This is equivalent to a return of 5.71%, which is 1.17% above the average rate paid by the bank on credit balances held in the Council's accounts, as shown in Annex B. The added value of carry out the money market trading is estimated at £0.796m compared to £0.462m in 2006/07.
17. During the year, the Council has made 171 investments totalling £378m, compared with 144 totalling £306m in 2006/07. This increase is due to improved management of the Council's balances which has enabled the treasury team to take even more advantage of the market conditions brought about by the credit crunch. This improved management is demonstrated by the increase in money market investments that have taken place rising from 30 (£93.6m) in 06/07 to 69 (£176.2m) in 07/08. Money market investments accounted for 47% in cash terms of all investment decisions in 07/08 up from 31% in the previous year. Treasury management officers have been able to achieve returns above the levels of the standard call accounts by investing funds on the money markets for periods of longer than 2 months. Of the 69 fixed term deposits placed on the money markets during 2007/08 23 have been for a week or less with 46 being for a period of 1 months or more. Annex C gives details of investments for periods greater than 3 months.
18. A number of institutions keen to accept Local Authority investments have been offering competitive interest rates on short term funds, typically paying Bank of England Base Rate as a minimum on all balances held with them.

Such competitive rates have seen call accounts earn higher returns than money placed in fixed term deposits for periods up to 1 and 2 months. This has seen the Council take advantage of such rates actively operating 3 accounts:

- i. Alliance & Leicester call account opened in July 2007 paying between 0.03% and 1.14% (averaging 0.33%) above base rate.
- ii. Bank of Scotland 7 day notice base plus account paying between 0% and 1.19% (averaging 0.29%) above base rate.
- iii. Anglo Irish Star call account paying between 0.20% below base rate and 0.30% above base rate (averaging 0.07% above base rate).

19. As highlighted above the overall investment pattern has changed with 60% of investments in 2007/08 being made into the call accounts compared to almost 80% in 2006/07. This reflects the higher returns that longer duration fixed term deposits have been offering over call account returns for period over 2 months. The split between call account deposits and brokers used is illustrated in figure 6.

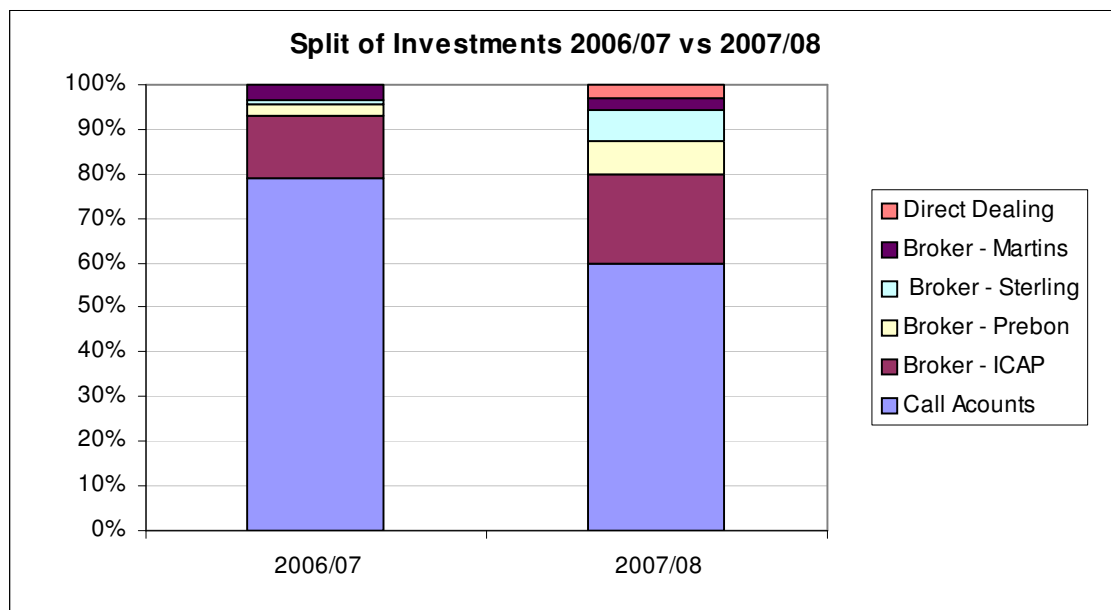


Figure 6 - Split of Investments by broker used

20. Additional information is provided in Annex D about the scale of money market activities for 2007/08 compared against 2006/07 and the relative uses made of different types of lending institutions and the various Council brokers.

21. The Treasury Team continually monitor the performance of the money market brokers with all brokers continuing to provide a satisfactory service to the Council. It is intended to retain all four brokerage organisations.

Venture Fund

22. The Venture Fund is used to provide short to medium term investment for internal projects which provide a robust new revenue stream or recognisable budget reductions and contribute to operational benefits or policy objectives. The movements on the Venture Fund in the year are shown in table 2.

| | £'000 |
|--|--------------|
| Balance at 1 April 2007 | 1,611 |
| New Loan Advances | (556) |
| Loan Repayments Received | 273 |
| Net Interest Received | 26 |
| Repayment 05/06 transfer to fund capital programme | 1,380 |
| Balance at 31 March 2007 | 2,734 |

Table 2 - Venture Fund Movement 2007/08

23. New loan advances were made in 2007/08 for Silver Street Structural Repairs and LPSA2 07/08. 7 existing schemes repaid their annual instalments totalling £273k.

24. The repayment of the 2005/06 transfer for funding the capital programme relates to the shortfall in capital receipts in 2005/06 which left the Council having to borrow to fund the programme. This option would have incurred a statutory minimum revenue provision charge of 4% of any borrowing taken. The option was therefore taken to borrow from internal earmarked reserves thus avoiding minimum revenue provision (MRP) charges. The £1380k repayment represents the reversal of this transaction in 2007/08 and all of the adjustments made are now fully unwound leaving the venture fund fully repaid on this element.

25. When all the outstanding loans are repaid back to the Venture Fund the total balance will stand at £4m. It is currently projected that in 08/09 £155k of repayments will be made leaving the balance at £2.889m. The Administrative Accommodation project will need to drawdown funds from the Venture Fund of c£2.1m which can be met from the fund at its current level.

Financial Implications - Budget Outturn

26. Treasury Management activity is contained within the Corporate Budget, which was approved by Council on 21st February 2007 at £7,433k for 2007/08. Since the budget was set there have been a number of changes made by the Executive and under officers delegated power which has resulted in a revised budget of £7,267k. The outturn is £4,980k, an underspend of £2,287k. The main report explains the underlying reasons for this underspend, namely the increase in cash balances and favourable conditions on the money markets as a result of the credit crunch. Table 3 illustrates the breakdown in the underspend and the paragraph reference to the underlying factors that have caused it.

| | Paragraph | Outturn £000 |
|--|-----------|-----------------|
| Long Term Borrowing less than planned | 10 | -473 |
| Long Term Borrowing lower interest rates | 10 | -9 |
| Increase in cash balances | 15 | -919 |
| Increase in interest rates | 15 | -553 |
| Provision for Debt Repayment | 27 | -156 |
| BCCI Dividend | 28 | -115 |
| Minor Budget Variations | | -62 |
| TOTAL | | -2,287 |

27. The 2006/07 year end slippage on the capital programme, reduced the capital financing requirement that had to be funded from borrowing. This had a knock on effect of reducing the level of provision required to repay debt in 2007/08. This has resulted in a £156k underspend against the start budget.

28. The Council received two Bank of Credit and Commerce International (BCCI) dividends during 2007/08 as the fifth and sixth dividends payments were made. A total of £115k was received taking the total recovered losses to £1,726k, which is 91% of the investments made with the BCCI in 1990 when it collapsed. The amount recovered is now £410k more than was written off by the Council and represents additional unbudgeted for income.

Change to Treasury Management Policy

29. In March 2008 the Department for Communities and Local Government (DCLG) passed new legislation that gives Councils more flexibility in how it provides for the repayment of debt. The former regulations imposed a Minimum Revenue Provision (MRP) to be made of 4% of the Council's underlying debt requirement. Any given years MRP payment was based on the Council's Capital Financing Requirement (CFR) as at 31st March of the preceding year.

30. The new regulations allow Council's to make a "prudent" provision for the repayment of debt, and give Council's four options in determining what is prudent. The regulations state that the Council has to formally adopt a policy which sets out how it will provide for the repayment of debt within the four options provided. These are:
- a. The regulatory method – 4% of the borrowing outstanding;
 - b. The Capital Financing Method – 4% of the Council's Capital Financing Requirement;
 - c. The Depreciation Method – repayment of the debt over its depreciation life;
 - d. The Asset Life Method – repayment over the life of the asset to which the borrowing has been taken to fund.
31. Options a and b have broadly the same impact on the Council, and the DCLG recommends that this method is used in relation to the government supported borrowing. Option c would take the maximum repayment period to 40 years on operational land and buildings. Option d would take the maximum repayment period up to 60 years for some assets. There are merits in adopting all the options, however, in terms of prudence it is recommended that the Council adopts option b for government supported borrowing and option d for unsupported borrowing, with a caveat that the asset life is an absolute maximum and wherever possible the debt should be repaid over a shorter period. To this end it is recommended that the standard repayment period should be up to 25 years or less if the asset life is shorter, unless approval is sought to extend the repayment provision over a longer period and a formal business case is made to the Executive to do so.
32. With all debts, the longer the repayment period the more is paid in interest over the period of the loan. It is therefore deemed as prudent to reduce the period over which the repayments are made. Annex E outlines a simple flow chart of how the policy will work.

Review of the Prudential Indicators

33. In accordance with the Prudential Code, the Prudential Indicators set by full Council on 21st February 2007 must be reviewed. Full detail on the indicators are given in Annex F, but some of the key points are:
- Size of the Capital Programme (Indicator 1) - The indicator set for the size of the 2007/08 Capital Programme was an estimate of £42.8m and the outturn was £40.8m. The programme outturn was lower than in 2006/07 as the Council prepared for the two major schemes at Joseph Rowntree and the new Office Accommodation. There has been slight overall slippage on some projects, all of which should be completed in 2008/09..

- Net revenue Stream (indicator 2) - This indicator represents how much borrowing for the capital programme will cost as a percentage of the net revenue stream. The General Fund indicator is 3.76% compared to a budgeted level of 6%, with the reduction being mainly attributable to the high level of interest earned on cash balances in 2007/08 which reduces the Council's net debt position during the year. The Housing Revenue Account (HRA) version of the indicator is 2.39% compared to the budgeted level of 3.31%, the difference is again due to higher than anticipated cash balances serving to reduce the HRA net debt position.
- Incremental Impact on the Level of Council Tax (Indicator 3) – This indicator shows the impact of capital investment decision on the bottom line level of Council Tax. The Council can fund its discretionary capital programme from two main sources, from unsupported borrowing or using capital receipts from the sale of surplus assets. With the capital receipts the Council has a choice of whether to reinvest in other capital assets or repay debt. The Council's policy is to recycle its capital receipts in to improving other Council assets and this therefore has an impact on the level of Council Tax. This coupled with a small level of unsupported borrowing has resulted in a small increase in the underlying level from £4.34 per Band D charge, to £6.18.
- Capital Financing Requirement (CFR) (Indicator 5) - The Council's CFR (underlying need to borrow) at outturn was £79.9m a decrease of £12.4m against an estimated figure of £92.3m. The reduction is due to slippage on the capital programme and the decision to use to over achievement in capital receipts in 2006/07 to reduce the Capital Financing Requirement rather than borrowing to finance capital spend.
- Authorised Limit / Operational Boundary (Indicator 6) - The Council took on additional debt of £5m, but repaid £4m leaving the Council's total level of debt at £104.4m. The Council's Operational Boundary (maximum prudent level of debt) was revised to £118.9m as part of the 2008/09 budget setting process and the Authorised Limit (maximum allowed debt) revised to £128.9m. Debt levels have therefore remained within the limits set.
- Details of all the Prudential Indicators can be found in Annex F.

Human Resources Implications

26. There are no HR implications as a result of this report.

Equalities

27. There are no equalities implications as a result of this report.

Legal Implications

28. Treasury Management activities have to conform to the Local Government Act 2003, which specifies that the Council is required to adopt the CIPFA Prudential Code and work to its Treasury Management Policy and Treasury Management Practices. The scheme of Minimum Revenue Provision (“MRP”) was set out in former regulations 27, 28 and 29 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003* [SI 2003/3146, as amended] (“the 2003 Regulations”). This system has now been radically revised by the *Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008* [SI 2008/414], (“the 2008 Regulations”) in conjunction with the publication by CLG of this MRP guidance. This requires the Council to adopt of a revised policy on the MRP as highlighted in paragraphs 29 to 32.

Crime and Disorder Implications

29. There are no crime and disorder implications as a result of this report.

Information Technology Implications

30. There are no IT implications as a result of this report

Property Implications

31. There are no property implications as a result of this report.

Risk Management

32. The treasury function is a high risk area because of the level of large money transactions that take place. As a result of this there are strict procedures set out as part of the Treasury Management Practices statement.

Recommendations

33. The Advisory Panel are requested to advise the Executive Member to:
- Note the 2007/08 performance of the Treasury Management activity, movements on the Venture Fund and the Treasury Management Outturn.
 - Note the movements in the Prudential Indicators.
 - Adopt the proposed policy on the Minimum Revenue Provision as set out at Annex E and Paragraphs 29 to 32.

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

Contact Details

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Report ✓ Date 28/05/08
Approved

Wards Affected:

All
None

Specialist Implication Officers: None

For further information please contact the author of the report

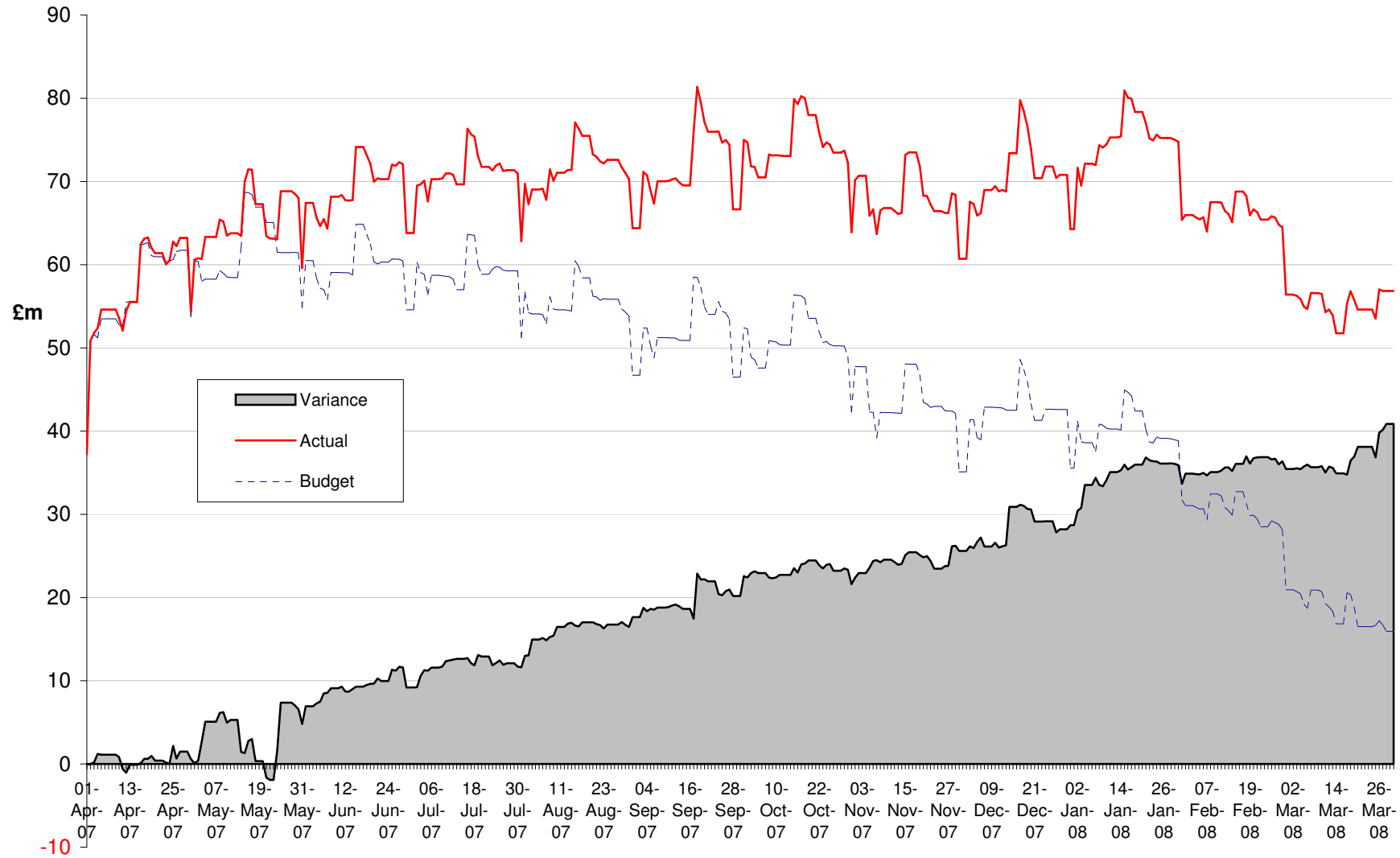
Background Papers

Cash-flow Model 07/08, Investment Register 07/08, PWLB Debt Register, Capital Financing Requirement 07/08 outturn, Venture Fund 07/08, Prudential Indicators 07/08, Statistics 07/08.

Annexes

*Annex A - Cash Balances Graph
Annex B - Surplus on Money Market Trading
Annex C – Investments taken over 3 Months
Annex D - Money Markets Trading Statistics
Annex E – MRP policy flowchart
Annex F - Prudential Indicators 07/08*

2007/08 Budget v Actual Balances (inc variance)



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**Surplus on Money Market Trading Activity
for 2007/08**

| | £ | Rate of Return % |
|--|--------------------|------------------------|
| Interest received from trading | 3,924,342 | |
| Less: Interest paid on temporary borrowing | 1,029 | |
| Gross trading surplus | 3,923,313 | 5.78% |
| Less: Estimated direct running costs | | |
| - Staff | 38,903 | |
| - IT Equipment | 700 | |
| - Brokers fees | 19 | |
| - Subscriptions | 4,000 | |
| - Bank Charges | 4,343 | |
| Total | 47,965 | |
| Net Trading Surplus | 3,875,348 | 5.71% |
| Less: Interest that would have been earned in the Council's current account | 3,079,432 | 4.54% |
| Notional Value Added by Trading | 795,917 | 1.17% |
| Average Balance for the period | £67,828,893 | |
| Average 7 day LIBID | | 5.58% |

Note: The added value adjustment reduces the net trading surplus by the amount that would have been achieved if the daily cash balance had simply been invested with the bank.

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Annex C

| Authorised Counterparty | Raised | Mature | Value £m | Rate % | Base Rate % | Duration Days | Term |
|----------------------------------|-----------|-----------|-------------|-----------|-------------------|------------------|----------|
| CLYDESDALE BANK PLC* | 02-Apr-07 | 31-Mar-08 | 4,000,000 | 5.395 | 5.250 | 364 | FIXED |
| CLYDESDALE BANK PLC | 18-Apr-07 | 16-Apr-08 | 3,000,000 | 5.910 | 5.250 | 364 | FIXED |
| BANK OF IRELAND* | 25-Apr-07 | 23-Apr-08 | 3,000,000 | 5.080 | 5.250 | 364 | FIXED |
| ULSTER BANK LTD | 11-May-07 | 31-Aug-07 | 2,600,000 | 5.720 | 5.500 | 112 | FIXED |
| BANK OF IRELAND* | 15-May-07 | 13-May-08 | 4,000,000 | 5.300 | 5.500 | 364 | FIXED |
| ANGLO IRISH BANK CORPORATION PLC | 29-Jun-07 | 28-Sep-07 | 1,000,000 | 5.960 | 5.500 | 91 | FIXED |
| ULSTER BANK LTD | 29-Jun-07 | 27-Jun-08 | 3,000,000 | 6.250 | 5.500 | 364 | FIXED |
| IRISH INTERCONTINENTAL BANK LTD | 14-Aug-07 | 29-Feb-08 | 2,000,000 | 6.270 | 5.750 | 199 | FIXED |
| NORTHERN ROCK PLC | 16-Aug-07 | 15-Nov-07 | 1,500,000 | 6.500 | 5.750 | 91 | FIXED |
| CLYDESDALE BANK PLC | 23-Aug-07 | 21-Aug-08 | 2,000,000 | 6.340 | 5.750 | 364 | FIXED |
| BRADFORD & BINGLEY | 18-Sep-07 | 18-Dec-07 | 3,500,000 | 6.710 | 5.750 | 91 | FIXED |
| ANGLO IRISH BANK CORPORATION PLC | 28-Sep-07 | 28-Dec-07 | 1,000,000 | 6.260 | 5.750 | 91 | FIXED |
| HERITABLE BANK | 01-Oct-07 | 31-Dec-07 | 2,000,000 | 6.250 | 5.750 | 91 | FIXED |
| BRADFORD & BINGLEY | 04-Oct-07 | 03-Jan-08 | 2,000,000 | 6.250 | 5.750 | 91 | FIXED |
| BANCO ESPIRITO SANTO SA | 11-Oct-07 | 09-Oct-08 | 2,000,000 | 6.120 | 5.750 | 364 | FIXED |
| WEST BROMWICH BUILDING SOCIETY | 15-Nov-07 | 14-Feb-08 | 2,000,000 | 6.380 | 5.750 | 91 | FIXED |
| HERITABLE BANK | 19-Nov-07 | 18-Feb-08 | 2,000,000 | 6.460 | 5.750 | 91 | FIXED |
| BRADFORD & BINGLEY | 03-Dec-07 | 03-Mar-08 | 2,000,000 | 6.700 | 5.750 | 91 | FIXED |
| HERITABLE BANK | 11-Dec-07 | 11-Mar-08 | 3,000,000 | 6.660 | 5.500 | 91 | FIXED |
| NATIONWIDE BUILDING SOCIETY | 14-Dec-07 | 16-Jun-08 | 3,000,000 | 6.210 | 5.500 | 185 | FIXED |
| ULSTER BANK LTD | 19-Dec-07 | 17-Dec-08 | 3,000,000 | 5.750 | 5.500 | 364 | FIXED |
| ULSTER BANK LTD | 20-Dec-07 | 18-Dec-08 | 3,000,000 | 5.680 | 5.500 | 364 | FIXED |
| ANGLO IRISH BANK CORPORATION PLC | 28-Dec-07 | 28-Mar-08 | 1,000,000 | 6.020 | 5.500 | 91 | FIXED |
| BANCO ESPIRITO SANTO SA | 04-Jan-08 | 06-Oct-08 | 2,500,000 | 5.560 | 5.500 | 276 | FIXED |
| BANCO ESPIRITO SANTO SA | 11-Jan-08 | 13-Oct-08 | 2,500,000 | 5.480 | 5.500 | 276 | FIXED |
| DEXIA BANK BELGIUM | 25-Jan-08 | 25-Jan-11 | 5,000,000 | 5.380 | 5.500 | 1096 | CALLABLE |
| DEPFA BANK PLC | 25-Feb-08 | 23-Feb-09 | 3,000,000 | 5.480 | 5.250 | 364 | FIXED |
| DEPFA BANK PLC | 20-Mar-08 | 19-Mar-09 | 3,000,000 | 5.750 | 5.250 | 364 | FIXED |
| DEPFA BANK PLC | 26-Mar-08 | 25-Mar-09 | 3,000,000 | 5.810 | 5.250 | 364 | FIXED |
| ANGLO IRISH BANK CORPORATION PLC | 28-Mar-08 | 27-Jun-08 | 1,000,000 | 6.060 | 5.250 | 91 | FIXED |
| DEPFA BANK PLC | 28-Mar-08 | 27-Mar-09 | 3,000,000 | 5.810 | 5.250 | 364 | FIXED |

* These deals were entered into 6 months and 12 months before the 'start date' listed. At the time of arrangement interest rates were forecast to be on a downward projection and the deals were used to hedge against a cut in base rate.

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**Money Market Trading Statistics
Financial Year 2007/08**

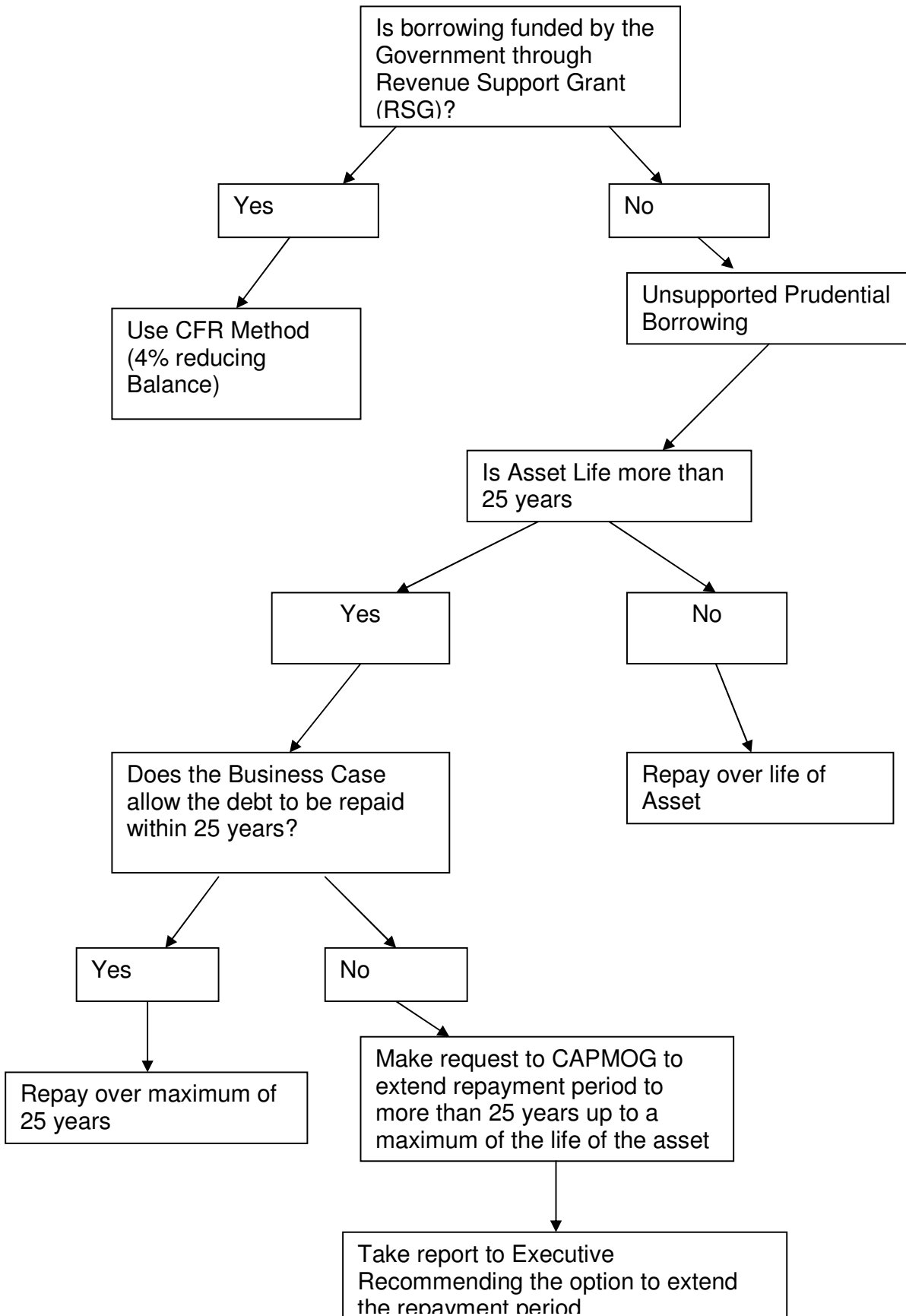
| 2006/07 | | Institutions Lent To | | 2007/08 | |
|-------------|-------------|-----------------------------------|-------------|-------------|--|
| No of Deals | % | | No of Deals | % | |
| 52 | 36% | <i>UK Banks</i> | 85 | 50% | |
| 6 | 4% | <i>Building Societies</i> | 8 | 5% | |
| 0 | 0% | <i>Local Authorities</i> | 0 | 0% | |
| 86 | 60% | <i>International Institutions</i> | 78 | 46% | |
| 144 | 100% | <i>All Institutions</i> | 171 | 100% | |

| 2006/07 | | Brokers Used | | 2007/08 | |
|-------------|-------------|----------------------------|-------------|-------------|--|
| No of Deals | % | | No of Deals | % | |
| 20 | 14% | <i>Garban Intercapital</i> | 35 | 20% | |
| 4 | 3% | <i>Prebon Yamane</i> | 12 | 7% | |
| 1 | 1% | <i>Sterling Brokers</i> | 12 | 7% | |
| 5 | 3% | <i>Martins</i> | 5 | 3% | |
| 114 | 79% | <i>Direct Dealing</i> | 107 | 63% | |
| 144 | 100% | <i>All Brokers</i> | 171 | 100% | |

| 2006/07 | | Maturity of Deals | | 2007/08 | |
|-------------|-------------|---------------------------|-------------|-------------|--|
| No of Deals | % | | No of Deals | % | |
| 4 | 3% | <i>Overnight</i> | 8 | 5% | |
| 4 | 3% | <i>up to 1 week</i> | 9 | 5% | |
| 5 | 3% | <i>1 week - 1 month</i> | 6 | 4% | |
| 5 | 3% | <i>1 month - 3 months</i> | 27 | 16% | |
| 12 | 8% | <i>over 3 months</i> | 19 | 11% | |
| 114 | 79% | <i>Business Reserve</i> | 102 | 60% | |
| 144 | 100% | <i>All Deals</i> | 171 | 100% | |

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Debt Repayment Policy and Methodology



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Annex F - Prudential Indicators 2007/08 Outturn

| PRUDENTIAL INDICATORS | | 2007/08 estimate | 2007/08 actual |
|-----------------------|--|--|---|
| 1) | <p>Capital Expenditure To allow the authority to plan for capital financing as a result of the capital programme. To enable the monitoring of capital budgets to ensure they remain within budget.</p> | <p>Non - HRA HRA TOTAL</p> | <p>£'000 £'000</p> <p>35,468 33,132</p> <p>7,293 7,669</p> <hr/> <p>42,761 40,801</p> |
| 2) | <p>Ratio of financing costs to net revenue stream This indicator estimates the cost of borrowing in relation to the net cost of Council services to be met from government grant and council tax payers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy</p> | <p>Non - HRA HRA</p> | <p>6.00% 3.76%</p> <p>3.31% 2.39%</p> |
| 3) | <p>Incremental impact of capital investment decisions - Council Tax Shows the actual impact of capital investment decisions on council tax. The impact on council tax is a fundamental indicator of affordability for the Council to consider when setting forward plans. The figure relates to how much of the increase in council tax is used in financing the capital programme and any related revenue implications that flow from it.</p> | <p>£ p</p> <p>Increase in Council Tax (band D) per annum</p> | <p>£ p</p> <p>4.34 6.18</p> |
| 4) | <p>Incremental impact of capital investment decisions - Hsg Rents Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA 2006/07 planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.</p> | <p>£ p</p> <p>Increase in average housing rent per week</p> | <p>£ p</p> <p>0.00 0.00</p> |
| 5) | <p>Capital Financing Requirement as at 31 March Indicates the Council's underlying need to borrow money for capital</p> | <p>Non - HRA</p> | <p>92,268 79,929</p> |

| | | | | | |
|------------|---|--|---|---------|---------|
| | purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. | | HRA | 15,669 | 11,035 |
| | | | TOTAL | 107,937 | 90,964 |
| 6a) | Authorised Limit for external debt - The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities for 3 financial years. | | borrowing | 179,700 | 128,860 |
| | | | other long term liabilities | 0 | 0 |
| | | | TOTAL | 179,700 | 128,860 |
| 6b) | Operational Boundary for external debt - The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year. | | borrowing | 158,200 | 118,860 |
| | | | other long term liabilities | 0.00 | 0.00 |
| | | | TOTAL | 158,200 | 118,860 |
| 7) | Adoption of the CIPFA Code of Practice for Treasury Management in Public Services Ensuring Treasury Management Practices remain in line with the SORP. | | Treasury Management Policy Statement | ✓ | ✓ |
| | | | 12 Treasury Management Practices | ✓ | ✓ |
| | | | Policy Placed Before Council | ✓ | ✓ |
| | | | Annual Review Undertaken | ✓ | ✓ |
| 8a) | Upper limit for fixed interest rate exposure The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts | | Net interest re fixed rate borrowing / investments | 150% | 108% |
| | | | Actual Net interest re fixed rate borrowing / investments | | |

| | | | | |
|-----|---|--|--|---|
| 8b) | Upper limit for variable rate exposure | Net interest re variable rate borrowing / investments Actual Net interest re variable rate borrowing / investments | 20% | -8% |
| 9) | Upper limit for total principal sums invested for over 364 days To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long term loans mature in different periods thus spreading the risk. | Current Investments over 364 days | £10,000 n/a | £10,000 £9,000 |
| 10) | Maturity structure of new fixed rate borrowing during 2007/08 The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year. The limits are set as a percentage of the average balances of the investment portfolio. | under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and above | Upper Limit 10% 10% 25% 25% 90% | Actual (£104,365k) 5% 4% 7% 14% 70% |

Glossary Of Abbreviations

| | |
|------|--|
| HRA | Housing Revenue Account |
| CYC | City of York Council |
| CFR | Capital Financing Requirement |
| SORP | Statement of Recommended Practice - for Local Authority Accounting |

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Meeting of Executive Member for Corporate
Services and Advisory Panel

10 June 2008

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

Information Management Annual Report 2007/08

Summary

- 1 This outturn report advises Members of activity in the area of Information Management during 2007/08. It deals with the work of the Information Management Officer (IMO).¹ It is for information and no decision is required, but members have previously requested further information about this developing area of the Council's work and members' views and comments are welcome.

Background

- 2 The role of IMO was established in 2003 to provide advice and ensure compliance on data protection and related matters. Personal privacy, public information rights and open government are key to the way in which the Council interacts with customers and citizens. The role of Information Management is to ensure that we can, and do, engage properly and well across the community, fulfilling our legal duties along the way.
- 3 The Records Management Code of Practice² has statutory force and requires that *"the records management function should be recognised as a specific corporate programme"*.

Information Governance Strategy

- 4 The Information Governance Strategy (IGS) identifies a programme of work to improve information management in the council, by providing a policy framework to guide services and help them use new technology and new ways of working with their information to improve efficiency, enable a smooth move into Hungate, and ensure compliance. It was approved by Council Management Team in December 2007 and by the Audit & Governance Committee in January 2008.
- 5 The IGS envisages a framework of policies requiring defined outcomes, with

¹ Note that this report does not include the work of the ITT department which is reported separately

² Code Of Practice on The Management of Records by Public Authorities, issued by the Lord Chancellor pursuant to section 46 of the Freedom of Information Act (2004).

directors and service managers having discretion to achieve them within their own service constraints. The Director of Resources provides (through IMO) advice and training, and audit and assurance, as internal control. The whole is aimed at a corporate improvement in this aspect of governance.

- 6 Records management is now the main focus of the IGS, with the move to Hungate as a powerful “driver” for improvement and innovation. The Document Management System (DMS) project will provide an essential tool for enabling services to reduce the volume of paper records.

Personal privacy & the Data Protection Act 1998 (DPA)

- 7 The Audit Commission has reported³ that awareness of the data protection policy is low and that this represents a compliance risk. It is also something of a surprise, given the good awareness of the importance of privacy that casual enquiries had revealed before. A revision of the policy already existed in draft and as part of the IGS has been submitted to the Executive. Once approved it will be promoted to all council officers.
- 8 The DPA is most visible to those who make a “*Subject Access Request*” for a copy of the personal data the Council holds about them.
- 9 In 2007/08 eleven requests were received compared to two in 2006/07. None was from current or former staff. Two were later withdrawn. There were no complaints in year, although in two cases the solicitor acting for the data subjects complained about the late reply during April 2008.

Public information rights & the Freedom of Information Act 2000 (FOI)

Table 1 FOI enquiries received 2007/08 by department

| Department | No of enquiries | % of total |
|--|-----------------|------------|
| Chief Executives | 26 | 10 |
| City Strategy | 38 | 14 |
| Housing & Adults Social Services | 28 | 11 |
| Learning Culture & Children’s | 63 | 24 |
| Neighbourhood Services | 39 | 15 |
| Resources (including subject access managed centrally) | 72 | 26 |
| Total | 266 | 100 |

- 10 266 enquiries were received in the year to March 2008 compared to 242 in

³ Your Business @ Risk; Audit Commission 2007

2006/07. 17 had been brought forward from March 2006 and 36 were incomplete and carried forward into 2007/08. Therefore 247 were completed.

- 11 Enquiries were from a number of sources. No-one is required to prove who they are and some assumptions have been made in the following classification:

Table 2 FOI enquiries received 2007/08 by enquirer

| Enquirer | No of enquiries | % of total |
|-------------------------------|-----------------|------------|
| Academic | 8 | 3 |
| Business | 34 | 13 |
| Individual | 96 | 35 |
| Media | 84 | 31 |
| Political party or politician | 20 | 8 |
| Campaign group or charity | 16 | 6 |
| Other public authorities | 2 | 1 |
| Trade union | 2 | 1 |
| lawyer | 4 | 2 |
| Total | 266 | 100 |

- 12 Enquiries covered a wide range of subjects and were expressed with varying degrees of clarity. The following table classifies them approximately:

Table 3 FOI enquiries received 2007/08 by topic

| Enquirer | No of enquiries | % of total |
|---|-----------------|------------|
| Costs and expenses | 54 | 21 |
| Procedures, policy decisions and meeting minutes | 14 | 5 |
| Personal data about staff member/s or other 3rd party | 20 | 7 |
| Performance measures / other statistics | 30 | 11 |
| Contracts | 20 | 7 |
| Delivery of public services or benefits | 47 | 18 |
| Environmental information | 4 | 2 |
| Health & safety matters | 6 | 2 |
| Local issues - important to individuals | 34 | 13 |
| other | 37 | 14 |
| Total | 266 | 100 |

- 13 Of the 247 completed in year, 188 were answered within the twenty working days normally allowed. 15 were withdrawn, or suspended awaiting further information, or were managed as non-FoI business requests, and the remaining 44 went over time. There is no specific penalty for going over time although completion within timescales may be regarded as a performance indicator for this aspect of service.

Table 4: outcomes of Fol enquiries

| Outcome | No of enquiries | % of total |
|---|-----------------|------------|
| Disclose | 192 | 78 |
| fee limit invoked | 4 | 2 |
| information not held (denial) | 40 | 16 |
| neither confirm nor deny that information is held | 3 | 1 |
| refuse in full | 11 | 4 |
| refuse in part | 20 | 8 |
| suspend//withdraw | 12 | 5 |
| not Fol | 3 | 1 |
| more than one outcome | -38 | -15 |
| Total | 247 | 100 |

- 14 The results of the completed enquiries are shown at table 4.
- 15 Three complaints were made to the Information Commissioner and notified to the council. One was later closed by him as it had been made so late. The other two both concern an alleged refusal to provide the information requested. One has been closed by the Commissioner as what information there was has since been published (there was much less than the enquirer expected). In the other case the Commissioner's requirements are still awaited.
- 16 No Notices were issued to the council.

Regulation of Investigatory Powers Act 2000 (RIPA)

- 17 The RIPA Act provides for a system of senior level authorisations for actions such as surveillance of individuals and the use of informers. It supports the Council's crime prevention services by regulating what might otherwise be breaches of citizens' human rights. Crime prevention is the only purpose for which a local authority can invoke RIPA.
- 18 The IMO's role is to maintain a central register of authorisations (required by the Home Office Codes of Practice), and to liaise with the Surveillance Commissioner and the Interception of Communications Commissioner, who "police" the codes and inspect periodically.
- 19 An inspection took place in August 2007, the first since 2003, and the inspector's report included three simple recommendations. These were incorporated into a revised RIPA procedure, now in force. No errors of principle were found and the inspector commented that "the officers he met had a good understanding of the legislation and were confident in their duties".
- 20 In 2007/08 nine authorisations for directed surveillance were given compared to seven in 2006/07, one of which was still in force at the end of the year. No

“covert human intelligence source” (CHIS, the formal term for informers) was recruited. Three notices were served to obtain communications data. There were no errors in the RIPA procedure to report to the Commissioners. Table 5 indicates which services authorised them.

Table 5: issue of RIPA authorisations

| Service | 07/08 | 06/07 |
|--|--------------|--------------|
| Fraud (Resources) | 3 | 5 |
| Trading Standards (Neighbourhood Services) | 9 | 2 |
| Total | 12 | 7 |

Staff Warning Register

- 21 The Staff Warning Register identifies people and properties posing a risk to Council staff, and is maintained further to the Council’s duty of care for its councillors and employees. Much of the data is sensitive and, in accordance with Information Commissioner guidance, the procedure seeks to ensure it is only disclosed on a ‘need to know’ basis. The information available is factual and objective, with a periodic review to ensure continued relevance.
- 22 The increase in authorised users suggests growing awareness of the register and its relevance to a wide range of Council services. Enquiries from councillors to IMO on this (or any other information management matters) are welcome.
- 23 The table below summarises the increasing scope of the register.

Table 6: scope of the Staff Warning Register

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Persons on Register | 24 | 54 | 74 | 95 | 109 |
| Properties on Register | 1 | 50 | 61 | 63 | 63 |
| Authorised users | 58 | 190 | 298 | 341 | 380 |

Consultation

- 24 The Information Management Working Group’s membership includes the Information Management Champion, formerly Councillor Jamieson-Ball and now Councillor Ayre, and representatives from each department, plus one each from the Archives service and HR because of their specialist interest and

expertise. The group meets bi-monthly and provides liaison on relevant matters, but is also a ready route for consultation within departments when needed.

Options and analysis

- 25 This is a factual information report and no decision is required, so no options or analysis are relevant.

Corporate priorities

- 26 The Information Management function contributes to the following corporate objectives:

Reduce the impact of violent, aggressive and nuisance behaviour on people in York

Improve leadership at all levels to provide clear, consistent direction to the organisation

Improve the way the council and its partners work together to deliver better services to people who live in York

Improve efficiency and reduce waste to free up more resources

Implications

- 27 There are no financial, legal, HR, IT&T, crime & disorder, equalities, property or other implications arising from this report.

Risk Management

- 28 In compliance with the Councils risk management strategy. There are no risks associated with the recommendations of this report.

Recommendations

- 29 The Advisory Panel advise the Executive Member that the report should be noted.

Reason: to demonstrate continuing recognition of records and information management as a corporate function in accordance with the Records Management Code of Practice.

Contact Details

Author:

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Resources
01904 553450

Chief Officer Responsible for the report:

Liz Ackroyd
Assistant Director of Resources (Audit & Risk
Management)

Report Approved Y **Date** 27 May 2008

Specialist Implications Officers: None

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

All Y

For further information please contact the author of the report

Background Papers:

Staff Warning Register

Information Governance Strategy 2007: see [CouncilNet](#)

Inspection by the Surveillance Commissioner, report to Officer Governance Group
19 October 2007

Annexes:

none

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Meeting of Executive Member for Corporate Services and Advisory Panel

10 June 2008

Report of the Assistant Director Audit and Risk Management

Corporate Procurement Team Outturn Report 2007/08

Summary

- 1 The purpose of this paper is to inform Members of the work and progress of the Corporate Procurement Team during 2007/08.

Background

- 2 The Corporate Procurement Team (CPT) was re-structured with effect from 1 April 2007 following a report to Corporate Services EMAP on the 12 December 2006. The restructure realigned CPT services to better cater for the organisation's business needs and create greater capacity within the central service, through rationalising corporate procurement advisory and support function within the Resources Directorate. One of the first priorities of the new team in 2007/08 was to develop its core role of providing clear leadership, purpose and direction to procurement activity across the organisation. The CPT has had to contend with significant organisational challenges for delivery of procurement across the Council specifically:

- poor management information & data quality arrangements
- general low level of procurement knowledge & skills across many parts of the organisation
- underdeveloped contract client management skills across commissioning departments

Overview: Progress to date

- 3 The Executive approved the new Corporate Procurement Strategy and medium term action plan in June 2007. This is a robust, comprehensive and challenging plan developed on the basis of 9 service continuums set out in the corporate procurement strategy these being:

- VFM, competition & efficiency;
- Performance management;
- Sustainability;

- Partnership & collaboration;
- Standards and governance;
- Staffing & organisation;
- Equalities & inclusion;
- New technologies;
- Ethical purchasing.

4 The medium term action plan is a 3 year action plan that comprises 63 core actions scheduled up to 2010 and designed to achieve the step change improvements as set out in the above continuums. Appendix A of this report sets out progress to date in each area. In summary, 12 tasks have now been completed and a further 21 are in progress. Of the remaining 30, most relate to the delivery of new technology (FMS (Financial Management System) & SCMS) and are not yet scheduled for completion. Key progress in the last 12 months includes the:

- approval by Executive of a corporate procurement strategy, policy and medium term action plan;
- publication of a comprehensive corporate procurement manual for procurement practitioners across the organisation;
- drafting and approval by Executive of a widely consulted corporate Sustainable Procurement policy including proposed practitioner manual (Procura+);
- implementation of three major new corporate framework contracts for – Legal Services, Property & Planning Consultancy and Agency Staff.
- support to the Transport Review project including the implementation of a Taxi framework as well as several competitive home-school transport contracts.

5 To ensure consistency and provide a thread linking the team's annual workplan to both the strategy and medium term action plan, the annual workplan format and deliverables are based on the 9 continuums set out at paragraph 3 above. The annual workplan itself contains some 80 work streams of which 95% have been completed or are ongoing, 2 are awaiting IT to commission the project and only 2 are yet to be started. Full details of workplan along with progress to date are set out in detail at Annex B of this report.

6 The CPT have been working on a number of the key deliverables included in the medium term action plan during 2007/08. Many of these are closely linked with the implementation of the Supplier and Contract Management System (SCMS) which will help to provide more robust management information with regard to contract spend and aggregation issues, while at the same time delivering better compliance with procurement regulations and an enlarged internal and external procurement community.

- 7 It was planned that the SCMS contract register would be fully populated by April 2008 however as a result of technical problems experienced further to a new release of software in December 2007, the loading of contract information had to be pended and this has put the project back several months. The software problems have now been resolved and contract information is now being loaded into the system and this work should be completed by the end of July 2008. These problems did not substantially delay the first pilot e-tender programmed for April and this is currently in train using the system. The SCMS has proved to be a big draw on staff time in terms of configuration and officer training but will help to provide one of the key building blocks in providing more efficient and effective procurement across the organisation and delivering the medium term action plan through:
- improved contract information
 - efficient electronic processes
 - better and more transparent customer and supplier information
- 8 The implementation of the SCMS system will help to identify further areas of Council spend that may be appropriate to include in the corporate contract portfolio. Ensuring that all spend is channelled through the current corporate contracts to deliver cost benefits to the organisation is problematic and work to publicise the contracts more widely is currently in hand with the launch of the Council's Buyers Guide planned for 26 June at the Guildhall .
- 9 Further work to develop and improve the Council's procurement framework has been undertaken during the year including:
- developing a Sustainable Procurement policy, which was approved by Executive on 20 May;
 - development of standard tender evaluation models for inclusion in the financial regulations and corporate procurement manual;
 - supporting sustainability groups including Recycling Action Yorkshire (RAY), Waste Resource Action Plan (WRAP) and Carbon Management initiatives
- 10 There are a number of actions that have yet to be started within the action plan especially with regard to the New Technologies continuum. The efficiencies and improved performance that will be delivered by both SCMS and FMS will not be available in full until early 2009 although some elements will be delivered during 2008 especially with regard to e-tendering and the new electronic contracts register.
- 11 While many of the actions in the plan require new technologies or officer time, there are a number of wider issues of a more critical nature that need to be addressed by the Council. These include partnerships, shared service and the growing emphasis of procurement in delivering the future shape of the organisation.

- 12 The ability of the CPT to provide the resource and capacity to deliver advice and support to the large number of partnerships (250) in which the Council is involved is limited. There have been occasional requests for ad hoc advice and support but there is no structured programme of work to ensure that partnerships are procuring in an efficient, effective and legally compliant way. The emphasis on partnership working in the coming years is likely to increase as we move from Comprehensive Performance Assessment (CPA) to Comprehensive Area Assessment (CAA) and makes this a critically important issue and while new technology may go some way to creating capacity, the teams current level of resource is unlikely to provide the level of support that will be required.
- 13 The Transformational Government Strategy published in November 2005 set out the aims of the shared service agenda 'encouraging a shared service approach to realise efficiencies across the system and support delivery more focussed on customer needs'. This provides both future challenge and opportunity for procurement to deliver the increased efficiencies envisaged to the Council and regionally through a shared service approach.
- 14 The Council needs to be conscious of how it responds to this developing agenda. The Council has yet to adopt any formal strategy in respect of the shared service and partnership agenda per se. In the absence of a corporate approach the CPT over the last six months has become actively involved in driving the development of the SCMS system regionally through user groups and has raised its professional profile across the region by attending and influencing at procurement managers meetings. It is important that the CPT has the right skills set to be able to lead on this agenda in respect of procurement and work is already in hand to identify gaps in officer's knowledge and provide appropriate training through Personal Development Plans (PDP's).

Procurement Savings

- 15 The reporting of procurement savings by the organisation has been devolved to commissioning departments who report through their own outturn reports. The total value of savings achieved by directorates is reported by the relevant finance manager as part of the budget process. The reporting of savings in relation to the Council's corporate contract portfolio remains the responsibility of the CPT. There was only one corporate contract tendered during 2007/08 (Agency Staff) and this is expected to deliver savings in the region of £125K per annum through lower mark up being applied to the cost of Agency staff. These lower rates were achieved by placing all our business through a single supplier.
- 16 During 2007/08 the CPT has provided support to change management programmes including the Integrated Transport review, which will

deliver efficient and effective future use of the customer transport fleet. It has also supported major procurement exercises such as the new Park & Ride contract which will not only increase the Council's revenue but will see the more environmentally friendly buses being used helping to reduce the carbon footprint of the city. Savings generated from work supported by the CPT will be delivered in the form of straightforward cost reduction and efficiency savings. While cost reduction would suggest a budget saving this is not always the case, as some spend is unbudgeted in many service areas i.e. temporary agency staff or a tender may bring the cost in line with existing budgets and reduce prior year overspends.

- 17 Major efficiency savings arise through all corporate frameworks and this year has seen the procurement and implementation of three new frameworks (Legal, Property and Agency). The legal framework will provide a single focus for commissioning legal support services across the organisation while the property framework will provided suppliers for many of the professional services required by the Property division saving time and money on having to go to tender on a regular basis. The legal framework should deliver cost savings of 6% on the value of work commissioned externally compared with prices paid prior to its implementation. This equates to approx £10K during 2007/08.
- 18 A full summary of the major procurements supported or managed by the CPT, which have generated cost savings is set out at Exhibit 1 below.

Exhibit 1

| Procurement | 2007/08 | Future Years |
|--|----------------|---------------------|
| Managed Agency Services for Temporary Staff | £125K (Est) | £125K PA (Est) |
| Electricity (Street Lighting Contract) | £100K | £100k |
| P&R Tender | £0 | £210K PA |
| School Bus/Taxi contracts (Transport review) | £70K | £312K PA |
| Rail Travel Services | £5 (Est) | £10 PA (Est) |
| Abandoned Vehicles | £18K | £18KPA |
| O2 XDA Contract recovery | £8K | £0 |
| Total | £326K | £775K |

Training & Communication

- 19 The Corporate Procurement Strategy set out the necessity to develop and deliver a coordinated training and communication programme across the organisation to ensure procurement best practice is embedded and compliance with financial and EU regulations is understood. The focus on other key priorities within the CPT workplan has meant that this work has not yet started and needs to be delivered during 2008/09 picking up on the output from the evaluation model review and the Sustainable Procurement Policy.

- 20 In the mean time the team have provided priority training which has been well received and successful, providing a good basis for developing a full training programme next year. This has included:
- 2 specialist training sessions to school bursars;
 - 7 SCMS training courses to procurement practitioners.

Workplan 2008/09

- 21 The 2008/09 workplan (Annex C) provides a large and challenging number of projects. Initiatives and training programmes to be delivered across the organisation. Key deliverable include:
- regional collaborative procurement solution for postage lead by York
 - completion of the sellers guide and launch of the buyers guide in June
 - delivery of a comprehensive training programme including sustainability, equalities and the new evaluation models
 - a corporate document management system and managed service for IT
 - rolling out of e-tendering through SCMS
 - development of the electronic procure to pay cycle through the new FMS

Consultation

- 22 Not applicable.

Options & analysis

- 23 Not applicable.

Corporate Priorities

- 24 Efficient and effective procurement activity provides cross cutting support to the 10 priorities of the revised corporate strategy as well as our imperatives, values and vision

Implications

- 25 There are no financial, HR, Equalities, Legal, Crime & Disorder, IT or Property implications to note.

Risk Management

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

Recommendations

- 27 Members are asked to advise the Executive Member for Corporate Services to note the contents of this report and the progress made by the Corporate Procurement Team to date.

Reason

To advise Members of the progress made to date in delivering an effective and efficient procurement service to the Council

Contact Details

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Report Approved Date 27 May 2008

Specialist Implications Officer(s) Not applicable

All

Wards Affected Not applicable

For further information please contact the author of the report

Background Papers

Corporate Services EMAP Report - Supplier & Contract Management System (SCMS)

Corporate Procurement Strategy

Sustainable Procurement Policy

Annexes

Annex A – Progress against medium term action plan

Annex B – Progress against workplan 2007/08

Annex C – 2008/09 Workplan

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VFM, competition & efficiency

Annex A

| Action | Responsibility | Deadline | Progress |
|--|-----------------------|------------------------|--|
| 1 Complete the work needed to maintain a comprehensive automated register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact for purposes of new SCMS system | CPT | Summer 2008 | Contracts are currently being loaded into SCMS following technical delays. The register will be fully populated by Summer 2008 and will become the Council's contract register |
| 2 Identify how the 'thin client' function will be organised and resourced in the relevant Directorates, the respective role and responsibilities of 'thin clients' and the 'quality assured provider' (QAP) in managing service delivery and monitoring performance and all related member reporting arrangements. | Director of Resources | Suspended | This has been suspended pending appointment of the new Director of Resources |
| 3 Develop a competition strategy that sets out the vision of where the Council wishes to place itself in the future with regards to 'make or buy' and a handbook that sets out how to review, test and document the competitiveness of the Council services when determining 'make or buy' decisions. (10) | AD ARM | Spring 2008 | Competition Policy presented to Executive in October 2007 by AD ARM. Work on strategy currently pended subject to progress on 2 above |
| 4 CPS to be reviewed and updated as necessary in light of the on-going development of a Competition Strategy and Policy for the organisation and associated thin-client management arrangements | AD ARM | To be reviewed in 2008 | CPS to be updated in 2008 to reflect competition policy, strategy and 'thin client' arrangements |
| 5 Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community | CPT | Done | This work has now been completed and supplementary guidance to Financial Regulations will shortly be issued by AD ARM |

VFM, competition & efficiency (continued)

| | Action | Responsibility | Deadline | Progress |
|----|--|---|-------------------|---|
| 6 | SCMS fully implemented and used to analyse complete range of goods, works and services procured across the authority to identify further opportunities to maximise economies of scale through aggregation and the targeted use of framework contracts and/or corporate contracts | CPT | Summer 2008 | The benefits of the management information currently being input into the system should benefit the Council during 2008 onwards |
| 7 | Programme of aggregation and the further targeted use of framework contracts and/or corporate contracts developed for phased implementation up to 2010/2011 | CPT | 2010/11 | This will flow from current IT development work to implement FMS & SCMS and will also be informed by item 6 above. In the mean time three new frameworks have been introduced during 2007. |
| 8 | All major procurement exercises to be managed in accordance with project management standards of the organisation and individual risk registers documented | Commissioning officers with CPT support | On-going | The team is now involved in most of the major projects currently being delivered across the Council either on t project board or in an advisory capacity including Admi Accomm, Waste PFI, Internal Transport review, Buildir Schools for the future. Work still required to ensure the all projects are compliant with Prince 2 methodology ai... have adopted Council standards |
| 9 | Undertake a comprehensive review of the number of suppliers regularly used across the Council with a view to rationalising select lists and reducing proliferation | CPT | Summer 2008 | This will follow on from 6 above once SCMS implemented |
| 10 | Develop the use of automation and IT solutions following the implementation of SCMS and the new ledger system to streamline administrative procedures and maintain complete and accurate contract data, records and volume and spend analyses | CPT | From 2008 onwards | The first e-tender is currently being undertaken through SCMS and this will be rolled out further during 2008/09. |

VFM, competition & efficiency (continued)

| Action | Responsibility | Deadline | Progress |
|--|---------------------------|---------------|--|
| 11 Undertake a full review of the use and take up of partnership and collaborative working arrangements including YPO as a means of streamlining supplier numbers, achieving greater economies and scale, enforcing standards and benchmarking alternative costs of supply and changes to existing contract arrangements | CPT | December 2008 | This is a developing and large area of work which needs to take into account CPA and future CAA inspections and also requires the management information building blocks of SCMS & FMS |
| 12 Implement effective control mechanisms as part of the implementation of the new ledger system to control the addition of new creditors within the ledger system and prevent purchasers placing multiple small orders for supplies or making orders outside contracts or standardised product ranges | CPT & FMS Project Team | By 31/3/09 | Further to FMS/SCMS |
| 13 Establish the use of e-catalogues within the new ledger system to channel all spend on high volume/low cost items and generic goods and services | CPT | By 31/3/09 | Awaiting implementation of new systems |
| 14 Undertake initial pilot to trial the use of purchase cards following the implementation of the new ledger system in 2008/09 | CPT | By 30/6/2009 | Awaiting implementation of new systems |

Performance management

| | Action | Responsibility | Deadline | Progress |
|----|---|-----------------------|------------------------------|--|
| 15 | Establish robust suite of performance measures for the procurement function based on an agreed basket of measure reflecting both national and local standards and targeted improvements | AD ARM | Done | Local performance indicator suite developed and implemented. Members to be asked to consider adopting national indicator suite in EMAP monitoring report |
| 16 | Establish reporting and monitoring arrangements consistent with the requirements of the new strategy | AD ARM | Done | Bi-annual monitoring reports established detailing progress against three year action plan and strategy continuums |
| 17 | Undertake regional and national benchmarking exercises based on agreed basket of measures to inform development and improvement work | CPT | From 1/4/08 | This will form part of the 2008 workplan |
| 18 | Establish new MIS infrastructure based on SCMS & new ledger system to facilitate the development of a robust performance monitoring and management framework for procurement. | CPT | Fully operational by 31/3/09 | Will follow from above. |
| 19 | Identify data requirements for performance management purposes and ensure that new MIS infrastructure fully utilised to collect and report all required information | CPT | Summer 2008 | This will follow from above and has been taken into account in SCMS design and implementation |
| 20 | Meaningful MIS used to routinely analyse spend, drive improvement and/or innovation within the Council | CPT | Summer 2008 | Will follow from SCMS implementation |
| 21 | Meaningful MIS used to help analyse spend, drive improvement and/or innovation across the market place for key categories of goods and services | CPT | Autumn 2008 | This should fall out of the work undertaken during 2008/09 in relation to 20 above |

Sustainability

| | Action | Responsibility | Deadline | Progress |
|----|---|-----------------------|-----------------|--|
| 22 | Review all standard procurement documentation and processes to ensure full consideration of sustainability considerations is built into standard contracting arrangements and evaluation procedures | CPT | Done | All documentation includes sustainability issues where appropriate but will need reviewing by April 2009 in the light of the new Sustainable Procurement Policy. |
| 23 | Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community | CPT | Done | As 5 Above |
| 24 | Policy fully realised and implemented across the organisation within the context of an overall sustainability and environmental policy for the Council | CMT | March 2010 | The policy approved by Executive in May 2008 with an implementation date of April 2009. |
| 25 | Complete the work needed to maintain a comprehensive automated register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact that includes designation of compliance with sustainability considerations for MIS and reporting purposes | CPT | Summer 2008 | SCMS will be fully populated with live contracts by Summer 2008 and will become the Council's contract register |

Partnership & collaboration

| Action | Responsible Officer | Deadline | Progress |
|--|---------------------|-------------|---|
| 26 Review regulatory framework to help facilitate innovative partnering procurement and collaboration and issue further detailed guidance as required | AD ARM | On-going | Amendments to the regulatory framework to include e-auctions and partnering currently being drafted to support this action. |
| 27 Continue to develop collaborative events such as 'meet the buyer' to develop avenues of communication and opportunity for existing and potential suppliers and contractors on a regular basis | CPT | On-going | Contact made with York Chamber of Commerce and to be further developed to support and promote SCMS to the local business community in addition a collaborative meet the buyer event has been undertaken this year with NYC^ |
| 28 Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community | CPT | Done | As at 5 and 23 above |
| 29 Develop in-house skills and competencies to support the delivery of Council objectives for partnering and collaboration in the future | CPT | Summer 2008 | To be developed and delivered to support 26and 27 above |

Standards & governance

| | Action | Responsible Officer | Deadline | Progress |
|----|---|----------------------------|---------------------------|--|
| 30 | Review regulatory framework to ensure it meets the needs of the new strategy and issue further detailed guidance as required | AD ARM | Review currently underway | Amendments to the regulatory framework to include e-auctions and partnering currently being drafted to support this action and work currently being undertaken by the Constitutional Project Board |
| 31 | Review all standard core procurement documentation in light of the introduction of SCMS and ensure consistent use across the organisation | CPT | On-going | On-going work parallel to current development work on SCMS and implementation plan . |
| 32 | Review the procurement site on the Council Intranet ensuring all standard documentation, guidance, Codes of practice, key contacts and advice on 'most commonly asked questions' are up to date | CPT | Done | The site is kept under review by the team throughout the year |
| 33 | Complete the work needed to maintain a comprehensive automated register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact | CPT | Summer 2008 | SCMS will be fully populated with live contracts by Summer 2008 and will become the Council's contract register |
| 34 | Utilise the SCMS maintain a record of officers involved in procurement on behalf of the Council and include principal contact details for all contracts including major service agreements for internal works previously specified under CCT in the central Contracts Register | CPT | Summer 2008 | This is being undertaken as part of the SCMS implementation. |
| 35 | Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community | CPT | Done | This is ongoing as at 5, 23 and 28 above |

Staffing & Organisation

| | Action | Responsible Officer | Deadline | Progress |
|----|--|----------------------------|-----------------|---|
| 36 | Identify all existing knowledge and skills gaps amongst officers currently involved in procurement work and provide training and development support to ensure all relevant staff meet the minimum standards necessary to support the Council's needs | CPT | Summer 2008 | Identification of skills gaps undertaken as part of a wider ARM divisional exercise of CPT staff. Need to develop an auditable and systematic assessment of all staff across the organisation as part of overall remit of procurement function at CYC in lead up to Hungate |
| 37 | Undertake a full review of CPT skills and expertise following re-structure of the service in December 2006 to ensure it meets the service needs of the Council and commissioning departments | AD ARM | Summer 2008 | Identification of skills gaps undertaken as part of a wider ARM divisional exercise. Development needs of team members addressed through PDP's |
| 38 | Undertake a full organisational management review of procurement activities and functions across the Council and report to Members | AD ARM | Spring 09 | Outstanding funding and appropriate resource needed to undertake project needs to be identified |
| 39 | SCMS used as a vehicle for delivering and sharing good practice, supporting local practices and the work of departmental commissioning officers and effecting light touch compliance across the Council for good governance purposes | CPT | Spring 08 | System currently being rolled out across the organisation. |
| 40 | Design and deliver an on-going programme of annual training events including induction workshops for all existing and new staff involved in procurement (31) | CPT | On-going | Formal generic programme to be developed interim training delivered to schools, SCMS workshops to procurement community, and articles on team in news and jobs |
| 41 | Design a programme of procurement 'master classes' covering a variety of procurement related topics to be presented by guest speakers and external experts in the relevant field. This will be used to engage both internal and external stakeholders including Members, CLG and Chamber of Commerce | CPT | 31/03/09 | Not scheduled yet |

Equalities & inclusion

| | Action | Responsible Officer | Deadline | Progress |
|----|---|----------------------------|-----------------|---|
| 42 | Review regulatory framework to help facilitate and encourage SME and local suppliers access and participation. | AD ARM | Work Commenced | Being reviewed further to on-going work to develop policy framework as set out in the Corporate Procurement Strategy. |
| 43 | Review all standard procurement documentation and processes to ensure full consideration of sustainability considerations is built into standard contracting arrangements and evaluation procedures | CPT | Done | As 22 above |
| 44 | Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community | CPT | Done | As at 5, 23, 28 and 35 above |
| 45 | Equalities & inclusion policy fully realised and implemented across the organisation within the context of the Council's overall Equalities Strategy | CMT | 31/3/08 | New Equalities policy to be written and Equality strategy to be updated by Equalities team. |
| 46 | Complete the work needed to maintain a comprehensive automated register of all contracts that includes designation of compliance with equalities requirements for reporting purposes | CPT | SUMMER 2008 | SCMS will be fully populated with live contracts by Summer 2008 and will become the Council's contract register |
| 47 | Develop in-house skills and competencies to support the delivery of Council objectives covering all equalities and inclusion issues | CPT | Spring 2008 | As 36 and 37 above |

Equalities & inclusion (continued)

| | Action | Responsible Officer | Deadline | Progress |
|----|---|----------------------------|-----------------|--|
| 48 | Equality and inclusion issues are broadly publicised both within the organisation and with the supplier community and included as part of regular awareness raising opportunities such as 'meet the buyer' events | CPT | March 2009 | Equalities impact assessment of Procurement Strategy undertaken further consultation and development to be undertaken as part of 2008/09 work plan |
| 49 | Utilise the SCMS to monitor equality and inclusion for MIS purposes including supplier and locality profiling | CPT | March 2009 | Will follow from system implementation being specified to deliver this information |

New technologies

| | Action | Responsible | Progress 2007 | Comments |
|----|---|--------------------|----------------------|--|
| 50 | E-procurement strategy fully developed for implementation across the organisation within the context of the overall CPS | AD ARM | On-going | This will be developed in line with the delivery of SCMS & FMS |
| 51 | Utilise new technologies to promote and embed the use of e-procurement solutions across the organisation | CPT | 31/12/2008 | In-progress - Implementation of SCMS has started this process which should be completed with the implementation of FMS |
| 52 | Utilise the SCMS and new FMS to encourage suppliers to be e-compliant for example by paying by BACS, accepting purchase cards, providing access via internet sites. Wherever appropriate the requirement to transact electronically will be included in contract terms and conditions | CPT | 31/12/2008 | In-progress this forms part of the P2P module of the new FMS system which is specifically designed to deliver this |
| 53 | Establish new MIS infrastructure based on SCMS & new ledger system to facilitate the development of a robust performance monitoring and management framework for procurement. | CPT | 31/12/2008 | In-progress this forms part of the P2P module of the new FMS system which is specifically designed to deliver this |
| 54 | Utilise the SCMS and new FMS to provide management information on the proportion of procurement transactions currently undertaken and set annual targets for shifting to e-procurement solutions by 2010 | CPT | 31/12/2008 | In-progress this forms part of the P2P module of the new FMS system which is specifically designed to deliver this |
| 55 | Establish the use of e-catalogues within the new ledger system to channel all spend on high volume/low cost items and generic goods and services | CPT | 31/12/2008 | This will follow implementation of the FMS system |
| 56 | Undertake initial pilot to trial the use of purchase cards following the implementation of the new ledger system in 2008/09 | CPT | 30/6/2009 | This will follow implementation of the FMS system |

Ethical purchasing

| Action | Responsible Officer | Progress 2007 | Comments |
|--|---------------------|---------------|---|
| 57 Review all standard procurement documentation and processes to ensure full consideration of ethical considerations is built into standard contracting arrangements and evaluation procedures | CPT | Done | Documentation regularly reviewed |
| 58 Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community | CPT | Done | As at 5, 23, 28,35 and 44 above |
| 59 Policy fully realised and implemented across the organisation within the context of an overall ethical conduct and standards policy for the Council as a whole | CMT | Done | Ethical audit completed in 2007. Awaiting appointment of new monitoring officer to progress policy work through officer governance arrangements |
| 60 Develop in-house skills and competencies to support the delivery of Council objectives covering all ethical trading and purchasing issues | CPT | Spring 2008 | Outstanding - forms part of 36 & 37 above |
| 61 Ethical purchasing issues are broadly publicised both within the organisation and with the supplier community and included as part of regular awareness raising opportunities such as 'meet the buyer' events | CPT | Summer 2008 | Will be as part of actions at 27 above |
| 62 Utilise the SCMS to monitor equality and inclusion for MIS purposes including supplier and locality profiling | CPT | Summer 2008 | Forms part of SCMS specification |
| 63 Ensure the staff training programme for procurement includes coverage of all ethical trading issues covered in the corporate procurement strategy | CPT | March 2009 | Will be included in future training programmes as at 36 & 37 above |

| Work stream | Progress | Source |
|--|---|---------------------------------|
| VFM, Competition & Efficiency | | |
| RAISE (Integrated Children's System) - Establish contract | Complete | IT Project |
| Integrated Pupil Support Module - Purchase of additional modules | Complete | IT Project |
| Corporate EDM & Workflow - corporate DMS solution | Now started but rolled into 2008/09 Workplan | IT Project |
| Realign Savings Targets – Ensure process operates effectively for 2008/09 budget | Complete | Budget |
| Minor works review - The whole area of minor works needs to be reviewed to identify spend and how contractors are used and suitable solution developed | This work is still on-going with the solution to be delivered in 2008/09 | Breaches & Waivers Report |
| Establish Corporate Contract Portfolio – Identify relevant contracts and client officers | All corporate contracts identified. We have split them into 3 phases to review and ensure that they are effectively managed and promoted throughout the authority | 3 Year Action Plan |
| Corporate Contract - Consolidation of postal requirements – Look at savings quick wins for post contract with CoE and other LA's | Collaborative solution started lead by CYC including NYCC and districts | 3 Year Action Plan |
| Corporate Contract - Staff Agency Contract – support on delivering a framework. Ongoing contract management lies with HR | Complete | Corporate Contract |
| Schools Framework agreement for provision of ICT services and hardware – provision of an EU compliant framework for schools | Currently out to tender | IT Project |
| Mobile voice and data network - 02 to Vodafone | Complete | IT Project |
| Children's Trust - website and system procurement | Complete | IT Project |
| Connexions - new system procurement | Complete | IT Project |
| Adult Social Care Finance | Complete | IT Project |
| Servitor Mobile Data Transfer | Project on Hold by IT | IT Project |
| Servitor - Contract needs updating and novating | In progress | IT Project |
| Asset Management - Support & maintenance agreement to be done | Completed | IT Project |
| Integrated Transport Finance - Purchase & implementation of finance module | Complete | IT Project |
| HANER - issue regarding supplier going into liquidation. Negotiation required with new provider | Complete | ITD |
| Vehicle Tracking Procurement – support to deliver a new system | Complete | IT Project |
| Commercial Waste Procurement – support to deliver a new system | Complete | IT Project |
| SAP - Procurement of system to support single assessment process | On-going | IT Project |
| Geronimo - Contract for service | In progress | IT Project |
| Joseph Rowntree Pathfinder Project | Complete contract to be signed in next few weeks | Strategic Procurement Programme |
| Park and Ride Procurement – ongoing procurement support | Complete | Strategic Procurement Programme |
| QPR - issue surrounding support | Complete | |
| CAPS - GIS contract issue regarding support and upgrades | Complete | Contract Management |
| Monitor performance of Legal Framework – to monitor income to procurement budget from corporate usage | Complete | Budget |
| Corporate Contract for Legal Services Framework - Identify and Publish the mechanism for using Framework, including schedule of rates | Awaiting legal input | Corporate Contract |
| Torex - Novate contract | Complete | IT Project |
| Library Service - Renew Contract and partnership agreement | Complete | IT Project |
| SX3 - Novation to Civica for cash receipting | Complete | IT Project |
| Mapping Positional Accuracy - Procurement & Implementation | Complete | IT Project |
| TRL Junction Design Programmes - Purchase & implementation of programmes | Complete | IT Project |
| Secure e-mail - Use of web-base service | Complete | IT Project |
| Mobile Library - Procurement of system | No longer required | IT Project |
| Crematorium Booking - Procurement of system | Practically completed | IT Project |
| e-purchasing – Fully embedded P2P module of FMS and SCMS to also review NYS Evolvi System as part of Corporate Contract Portfolio | On-going project to March 2009 | 3 Year Action Plan |
| Consolidated Invoicing – Use NYS and Jewson contract to look at consolidated invoicing. | Awaiting implementation of new FMS system | 3 Year Action Plan |
| Corporate Contract for Security Services - Identify who uses security services Identify number of suppliers Aggregate contracts | Initial work to identify the spend and the services required has begun. A formal procurement review will be undertaken as part of the corporate contracts portfolio | Breaches & Waivers Report |
| Managed Voice and Data Network – ongoing procurement support to deliver a new contract | Work commenced for completion in 2008/09 | Corporate Contract |
| Support to Highways PFI | Complete - Bid failed | Strategic Procurement Programme |
| City Walls Maintenance Contract | Completed | Breaches & Waivers Report |

| Work stream | | Source |
|--|---|---------------------------------|
| Education Contracts with Foundation now Tribal - Consolidation ... contracts, possible novation or new agreements required including company name change. Additional modules to be included. Assess technical consolidation of systems, Assess potential cost saving Create and agree new contract | Not yet started | IT Project |
| Corporate Contracts - Lift Purchase and Maintenance - Identify who uses lift services, Identify number of suppliers, Aggregate contracts | Initial work to identify the spend and the services required has begun. A formal procurement review will be undertaken as part of the corporate contracts portfolio | Breaches & Waivers Report |
| Maintenance and review of Escrow Arrangements | Complete | Routine |
| Adult learning - extend existing support & procure new system | Not yet started | IT Project |
| Parkfolio - contract for managed service | Complete | IT Project |
| ICIS - Change Controls for further software and services | Complete | IT Project |
| Warden Call Replacement | Complete | IT Project |
| New Technologies | | |
| SCMS - Development and delivery | Work on this is ongoing with contracts register due in Summer 08 and electronic tendering to be implemented during 2008/09 | 3 Year Action Plan |
| FMS Replacement – input into procurement module | Support from CPT provided to project | 4 Year Action Plan |
| FMS Replacement – Procurement support and input into procurement module | Implementation due to start Jan/Feb 08 | IT Project |
| SCMS – Maintenance and ongoing support | On-going | Routine |
| Performance Management | | |
| Review and Monitor the Strategic procurement programme providing regular progress reports | On-going | Strategic Procurement Programme |
| YPO - Need to re-establish officer role and formalise reports to Member Benchmarking etc linked to 3 year action plan | On-going | 3 Year Action Plan |
| Document the performance management framework required for procurement including the development of PI's, standards and targets for future monitoring and reporting purposes. | This work is partially complete | 3 Year Action Plan |
| Standards & Governance | | |
| Evaluation models development – issue guidance on evaluation models and weightings | Complete - Output to be published | 3 Year Action Plan |
| Complete the work needed to prepare and maintain a full register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact. In accordance with SCMS project plan | This should be available from Summer 2008 | 3 Year Action Plan |
| Review and standardise all core procurement documentation and ensure consistent use across the organisation | Complete | 3 Year Action Plan |
| Prepare a specific staff guidance manual to managing risks in major procurement projects and incorporate the Councils purchasing policy and code of practice | Complete | 3 Year Action Plan |
| Embed procurement strategy and review progress on an annual basis. | The procurement strategy has been agreed through Executive and is being embedded into the authority | 3 Year Action Plan |
| Develop Competition strategy and handbook | Policy written with strategy and handbook to follow | Strategic Procurement Programme |
| Ongoing support to the organisation on Procurement | The procurement team is now offering consistent good advice on procurement related issues and offering assistance with a range of procurement processes | 2 Year Action Plan |
| Complete the set up of a user friendly procurement site on the Council intranet to hold all standard documentation, guidance, codes of practice, key contacts and advice on most commonly asked questions | This is currently work in progress and will follow the format of the guidance manual. | 3 Year Action Plan |
| Support to Community Transport review | Procurement have been providing consistent support on this programme of work. We attend board meetings and have offered significant support on the taxi framework agreements and home to school bus's | Strategic Procurement Programme |
| Support to Admin Accom Review | Procurement continue to sit on the planning board for this project offering procurement advice. They are involved in the procurement activities that fall out of this programme of work, such as furniture procurement and Facilities management for the new building. | Strategic Procurement Programme |
| Review the Supporting People area to find solution to their procurement requirements which avoids future Waivers | A review of the supporting people area has been undertaken and the department are now following tendering guidelines in accordance with the EU directives, therefore an ongoing waiver will not be required in this area. We continue to offer support to the supporting people team when required | Breaches & Waivers Report |
| Identify all officers involved in procurement on behalf of the Council and include principle contact details for all contracts including major service agreements for internal works. Delivered through SCMS, see project plan | This is currently work in progress. We have identified and recorded a majority of officers involved in procurement, and included them within the SCMS training. We are also organising procurement communities specific to their spend area or whether they are operational procurement officers or more strategic. This is to ensure that we are targeting the right people with the right information | 3 Year Action Plan |
| Staffing and Organisation | | |
| Identify all existing knowledge and skills gaps amongst officers currently involved in procurement work and provide training and development support to ensure all relevant staff meet the minimum standards necessary to support the Council's needs. | This work has been completed in part through the ARM divisional skills gap analysis and will be used to inform PDP's | 3 Year Action Plan |
| Admin of Procurement Shared drive and Review and Tidy of Procurement Hard Files – to tidy up and correspond to the shared drive | This is work in progress | Information Management Agenda |
| Design and deliver an on-going programme of annual training events including induction workshops for all existing and new staff involved in procurement. | SCMS training and training for the schools bursars have taken place. We are also planning training for Neighbourhood services and a programme of formal procurement training courses | 3 Year Action Plan |
| Design a programme of procurement 'master classes' covering a variety of procurement related topics to be presented by guest speakers and external experts in the relevant field | This will be moved into future CPT workplans as a follow up the initial wave of general and SCMS procurement raining | 3 Year Action Plan |

| Work stream | | Source |
|--|---|------------------------|
| Identify all staff involved in procurement and maintain a central register of purchasing and contracting responsibilities and delegated authorities and Establishing Effective council wide procurement network as a vehicle for sharing good practice and policing compliance across the organisation | majority of officers involved in procurement, and included them within the SCMS training. We are also organising procurement communities specific to their spend area or whether they are operational procurement officers or more strategic. This is to ensure that we are targeting the right people with the right information | 3 Year Action Plan |
| Equalities and Inclusion | | |
| Review and revise all tender documentation and application forms for approved supplier status to include extended questions on company compliance with equalities legislation. | Complete | 3 Year Action Plan |
| Ensure equalities details are logged as a separate field in the contracts register for MIS purposes. | Complete | 3 Year Action Plan |
| Sustainability | | |
| Review of sustainable and environmental contracts – review contracts with environmental impacts to look at whether we can procure high environmental impact goods more sustainably through the use of RAY | On-going | Corporate Objectives |
| Ethical Purchasing | | |
| Ensure that all procurement decisions give due regard to ethical concerns and that ethical considerations are considered where possible as part of the tender evaluation process | This forms part of the CPS and will inform the regular review of standard procurement documentation and procurement website | Three Year Action Plan |
| Partnership & Collaboration | | |
| Develop more collaborative working with regional groups such as CoE and Northern Procurement Officers Group to achieve national procurement strategy objectives | On-going | Three Year Action Plan |
| Collaboration with NYCC to establish a cabling contract | Complete | |
| Continue to monitor opportunities for collaboration when undertaking any procurement exercise | On-going | Three Year Action Plan |

| | |
|--------------------|--|
| Very High priority |  |
| High priority |  |
| Medium priority |  |
| Low priority |  |

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Procurement Work Plan 2008/09

| Work stream | Start Date | Source |
|--|------------|---------------------------------|
| VFM, Competition & Efficiency | | |
| Facilities Management Procurement | Apr-08 | Strategic Proc Plan |
| Corporate EDM & Workflow - corporate DMS solution | Ongoing | IT Project |
| Mobile Working Solution | Ongoing | IT Project |
| Minor works review - The whole area of minor works needs to be reviewed to identify spend and how contractors are used and suitable solution developed | Ongoing | Breaches & Waivers Report |
| Bid Governance, Standards and Compliance system Pilot | Apr-08 | IT Project |
| Corporate Contract - Consolidation of postal requirements – Look at savings quick wins for post contract with CoE and other LA's | Ongoing | 3 Year Action Plan |
| HR/Payroll System Replacement | Apr-08 | Corporate Contract |
| Schools Framework agreement for provision of ICT services and hardware – provision of an EU compliant framework for schools | Ongoing | IT Project |
| Asbestos Surveys Procurement | Apr-08 | Client Request |
| Replacement of Primary School Management information system | Apr-08 | IT Project |
| Childrens Centres Database - Procurement | Apr-08 | IT Project |
| Linking the ICS and the Pupil Database | Apr-08 | IT Project |
| Extention of Integrated Pupil Database | Apr-08 | IT Project |
| Resgister of Building Control Information - New system Procurement | Apr-08 | IT Project |
| NNDR Outsourcing - OJEU procurement | Apr-08 | |
| GIS Strategy and Implementation - change control for additional licences | Apr-08 | IT Project |
| Electronic Monitoring for Homecare - new system procurement | May-08 | IT Project |
| Additional Magique licences - change control | Jun-08 | IT Project |
| Monitor performance of Legal Framework – to monitor income to procurement budget from corporate usage | Ongoing | Budget |
| e-purchasing – Fully embedded part of FMS and SCMS to also review NYS Evolvi System as part of Corporate Contract Portfolio | ongoing | 3 Year Action Plan |
| Consolidated Invoicing – Use NYS and Jewson contract to look at consolidated invoicing. | ongoing | 3 Year Action Plan |
| Corporate Contract for Security Services - procure a new corporate contract | ongoing | Breaches & Waivers Report |
| Managed Voice and Data Network – ongoing procurement support to deliver a new contract | Ongoing | Corporate Contract |
| Support to Highways procurement solution following failure to win PFI funding | Apr-08 | Strategic Procurement Programme |
| Corporate Contracts - Lift Purchase and Maintenance - Procure new contracts | Ongoing | Breaches & Waivers Report |
| Procurement of Vouchers for council tennants to use on decorating - OJEU procurement | Apr-08 | Breaches & Waivers Report |
| Ongoing support to the Waste Management PFI for the interium and permanant solution | Ongoing | Strategic Procurement Programme |
| Procure first tranch of Primary School modernisation BSF | May-08 | BSF |
| Maintenance and review of Escrow Arrangements | Ongoing | Routine |
| Undertake a comprehensive review of the number of suppliers regularly used across the Council with a view to rationalising select lists and reducing proliferation | Oct-08 | 3 Year Action Plan |

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| Develop the use of automation and IT solutions following implementation of SCMS and new FMS to streamline administrative procedures and maintain complete and accurate contract data, records and volume and spend analysis | Oct-08 | 3 year action plan |
| Undertake a full review of the use and take up of partnership and collaborative working arrangements including YPO as a means of streamlining supplier numbers, achieving economies of scale, enforcing standards and benchmarking alternative costs of supply and changes to existing contract arrangements | Apr-08 | 3 year action plan |
| Review of the agency contract - establishing compliance issues and if reduction in suppliers has been achieved and identify savings made. | Summer 08 | |
| New Technologies | | |
| SCMS - Development and delivery | Ongoing | 3 Year Action Plan |
| FMS Replacement – input into procurement module | Ongoing | IT Project |
| SCMS – Maintenance and ongoing support | Ongoing | Routine |
| Performance Management | | |
| Review and Monitor the Strategic procurement programme providing regular progress reports - see attached plan | 1st April 08 | Strategic Procurement Programme |
| Establish new MIS infrastructure based on SCMS and FMS to facilitate the development of a robust performance monitoring and management framework for procurement | Dec-08 | 3 year action plan |
| Identify data requirements for performance management purposes and ensure that new MIS infrastructure fully utilised to collect and report all required information | Dec-08 | 3 year action plan |
| Meaningful MIS used to routinely analyse spend, drive improvement and/or innovation within the council | Dec-08 | 3 year action plan |
| Standards & Governance | | |
| Evaluation models development – issue guidance on evaluation models and weightings | ongoing | 3 Year Action Plan |
| Complete the work needed to prepare and maintain a full register of all contracts that details type and nature of contract, tenders received, details of successful bid, duration, value and lead officer contact. In accordance with SCMS project plan | ongoing | 3 Year Action Plan |
| Embed procurement strategy and review progress on an annual basis. | ongoing | 3 Year Action Plan |
| Review the Procurement guidance manual in line with new policies and procedures | Summer 08 | Routine |
| Develop Competition strategy and handbook | ongoing | Strategic Procurement Programme |
| Ongoing support to the organisation on Procurement | ongoing | Routine |
| Complete a sellers guide to the authority and update the internet with information for suppliers on upcoming contracts and how to contact the Council | 1st April 08 | 3 Year Action Plan |
| Support to Community Transport review | Ongoing | Strategic Procurement Programme |
| Support to Admin Accom Review | Ongoing | Strategic Procurement Programme |
| Identify all officers involved in procurement on behalf of the Council and include principle contact details for all contracts including major service agreements for internal works. Delivered through SCMS, see project plan | Ongoing | 3 Year Action Plan |
| Review of the planning and property framework to ensure compliance and if reducing supplier numbers. | 1st April 08 | |
| Review the Procurement processes currently being undertaken by the Ward committees. | 1st April 08 | compliance and efficiency |
| Staffing and Organisation | | |

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| Identify all existing knowledge and skills gaps amongst officers currently involved in procurement work and provide training and development support to ensure all relevant staff meet the minimum standards necessary to support the Council's needs. | Ongoing | 3 Year Action Plan |
| Admin of Procurement Shared drive and Review and Tidy of Procurement Hard Files – to tidy up and correspond to the shared drive | Ongoing | Information Management Agenda |
| Design and deliver an on-going programme of annual training events across the organisation including EU and Fin Reg's, Sustainability and new evaluation models. , | 1st April 08 | 3 Year Action Plan |
| Design and deliver an on-going programme of induction workshops for all existing and new staff involved in procurement | Ongoing | 3 Year Action Plan |
| Design a programme of procurement 'master classes' covering a variety of procurement related topics to be presented by guest speakers and external experts in the relevant filed | 1st April 08 | 3 Year Action Plan |
| Identify all staff involved in procurement and maintain a central register of purchasing and contracting responsibilities and delegated authorities and Establishing Effective council wide procurement network as a vehicle for sharing good practice and policing compliance across the organisation | 1st April 08 | 3 Year Action Plan |
| Equalities and Inclusion | | |
| Review standard templates to ensure inclusion and compliance with the Equalities policy | 1st April 08 | Three Year Action Plan |
| Ensure all documentation complies with EIA of Procurement Strategy | 1-Oct | Three Year Action Plan |
| Sustainability | | |
| Review standard templates to ensure inclusion and compliance with the sustainability policy | 1st April 08 | Three Year Action Plan |
| Consider and review the implications of carbon tax on what we are procuring. | Summer 08 | Government Policy |
| Ensure consideration of Whole Life Costing in all procurement activity | Jan-09 | Three Year Action Plan |
| Ethical Purchasing | | |
| Develop the inclusion of the 3rd sector into policies and give due consideration into procurement processes | | |
| Ensure that all procurement decisions give due regard to ethical concerns and that ethical considerations are considered where possible as part of the tender evaluation process | Ongoing | Three Year Action Plan |
| Partnership & Collaboration | | |
| Develop more collaborative working with regional groups such as CoE and Northern Procurement Officers Group to achieve national procurement strategy objectives | Ongoing | Three Year Action Plan |
| support and contribute to the LEA | | |
| Provide input and support into Stationary Contract review and re-procurement undertaken by North Yorkshire | Summer 08 | |
| Support and monitor the Your build Framework | Apr-08 | |
| Continue to monitor opportunities for collaboration when undertaking any procurement exercise | Ongoing | Three Year Action Plan |

Total

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| Very High priority |  |
| High priority |  |
| Medium priority |  |
| Low priority |  |

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