

Report of the Cabinet Member for Corporate Services

2012-13 Performance and Finance Monitor 2

Purpose

1. The purpose of this report is to set out the performance of the Council in delivering its Council Plan priorities and report progress on delivering the revenue budget, covering the period 1 April 2012 to 30 September 2012. The report sets out headline performance in the delivery of the Council Plan and projected performance against budget.

Summary

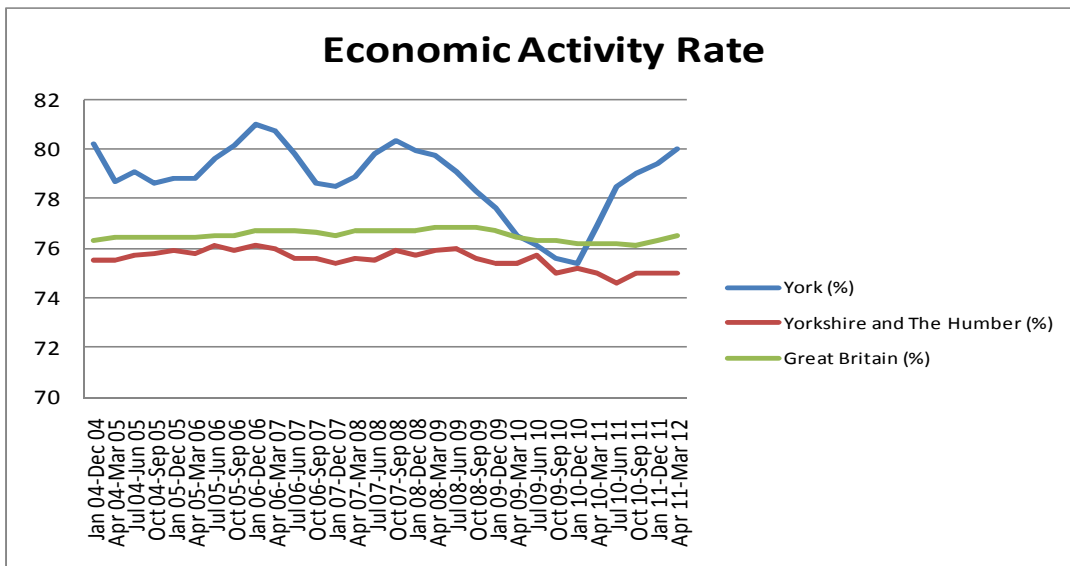
2. As outlined in the Monitor 1 report, the first half of the year is challenging for councils in terms of performance and finance, as it's the point in the annual cycle where the previous year's budget savings have been taken and the organisation is gearing up to achieve revised objectives. What makes 2012/13 different is the cumulative effect of what has gone before.
3. City of York Council has taken in excess of £40m from its budgets as its share of savings to the Government over the last three years. This is challenging for York as it has the 8th lowest level of Council tax and the twelfth lowest government grant per head in the country. Because the council's funding base is low it has to be rigorously efficient and spend per head of population is the third lowest of any unitary council in England.
4. National price inflation continues to be an issue for the Council with the costs of energy rising by around 6% in the near future. Although council tax in York was increased by 2.9% for 2012/13, average prices have risen by 3.74% since April 2010.
5. The Government also recently announced that the level of council tax increase permissible without triggering a local referendum will be reduced to 2% (down from 3.5% last year). This effectively places a cap of 2% on council tax rises and further restricts the available options when making tough decisions about maintaining services.

6. There is also the growing possibility that the government will reopen the settlement and review the headline spending review totals for the next two years, potentially adding further savings to local government targets for next year over and above what was agreed as part of the 2010 settlement.
7. The effects of the Welfare Reforms will also have a notable impact on the city, with around £2.5m per year being lost from the local economy as a result of the changes. This is in addition to the predicted indirect costs of supporting those adversely affected by the changes, which will fall on the council.
8. Against this backdrop, tough decisions continue to be made. Councils across the country have shed 200,000 jobs in the last decade. Over the last 3 years, City of York Council has cut 305 posts (many of these individuals were redeployed or took voluntary redundancy). Cabinet is resetting its priorities and in some cases there has to be a reduction in service provision.
9. Despite a challenging context, as this report demonstrates, there are strong areas of performance, for example:
 - York has attracted around 800 new jobs to the city this year
 - Workforce skills are ranked 3rd best out of 64 cities.
 - Jobseeker numbers are still well below regional and national averages
 - The 'attainment gap' at Key Stage 4 is falling
 - Reduction in crime predicted to be a further 9.5% this year
10. The recent 'Big York Survey' has also given the council excellent insight into the concerns and priorities of residents and will support the aim of being a listening council which understands the city which it serves. This understanding will also help to inform tough decisions on where funding is allocated in the future.
11. Although the council would usually see a high level of financial pressures at this time in the year, significant progress has been made since Monitor 1 to identify mitigation strategies that have reduced the forecast pressures to £2.5m. Continued action and monitoring will be needed to ensure these mitigation strategies deliver the anticipated savings and extensive work will continue to ensure that the remaining pressures are mitigated by the end of the financial year and that the revenue budget of the council is balanced.

Council Plan Performance & Delivery

Create Jobs & Grow the Economy

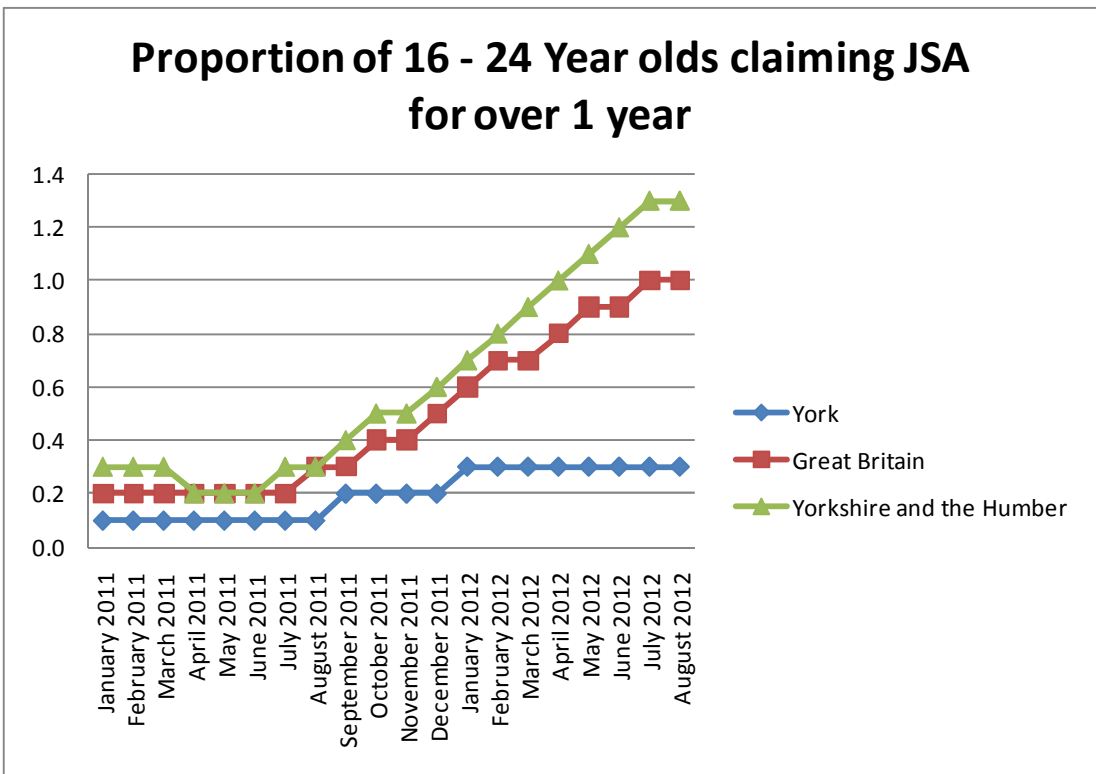
12. This is a priority for the council and is core to ensuring the sustained prosperity of the city and the financial security of the authority. The National economic picture is still a fragile one, with the International Monetary Fund cutting the UK growth forecasts for the near future. However, even with a relatively bleak national backdrop, York's economy continues to perform extremely well against the regional and national picture, showing further signs of stabilisation. The city's economic activity rate illustrates the overall economic picture for the city, performing well in comparison to the regional and national picture.



13. The recent release of the 2011 Business Register and Employment Survey (BRES) is also showing positive signs for York. The city has seen an increase in employee jobs since 2010, an improvement on the ratio between public and private sector employment.
14. The BRES data is also indicating an improved picture in the city centre with an increase in total city centre employee jobs and an 8% increase in retail jobs since 2010.



15. The 2011 and 2012 increase in long term youth unemployment (16-24 year-olds) has also now levelled off locally and has remained stable for the last eight months at 0.3% – a level well below the national & regional figures (currently 1.0% and 1.3%) both of which are still currently displaying an upward trend (the regional figure has almost doubled and the national figure has increased by two thirds in the same eight-month period).



16. The York Economic Strategy is finalised and a delivery plan is now being taken forward to achieve its objectives. These include the creation of City Team York, an enhanced business support offer, including the launch of the York Means Business web portal, Growth Accelerator (a high growth business support programme) through Science City and access to high-speed broadband.

17. Through its Economic Strategy, the council has developed its Inward Invest approach further in the last quarter, with enhancements to York's offer as a business location. The council and wider partners have played a strategic role in attracting a high value Insurance company (HISCOX) to York, on a city centre development site, bringing at least 300 jobs. This will add at least £25 million GVA per annum to York's economy to 2026.
18. The additional investment by Access Intelligence in its creation of a technical centre of excellence in York demonstrates investor confidence in the city as a business destination.
19. York continues to be an active partner in the Leeds City Region and the Association of West Yorkshire Authorities (AWYA), ensuring the city has influence in the economic future of the region.
20. Nineteen new affordable homes have been built and let at Archers Close but the target of 126 affordable homes by the end of the financial year looks unlikely to be delivered with 102 expected at present. This is due to delays to the delivery of the Hungate Development.
21. However, to increase house building the Get York Building programme has been initiated and a working group established. 'Housing Week' will run in w/c 5th of November during which the Strategic Housing Forum will be launched to provide increased focus on this area.
22. York continues to be a national leader in education provision with recent figures showing positive news that the 'attainment gap' at both Key Stage 2 and Key Stage 4 is narrowing, meaning that children who are potentially more vulnerable to low achievement are attaining results closer to the average for the city.
23. However, the city still needs to continue to drive the creation of higher skilled, higher value jobs. Qualification data has shown a further improvement in the proportion of York's population qualified to level 4 and above and a reduction in those with no qualifications. With economic projections showing challenging conditions for the future, enhanced inward investment of higher value jobs and businesses and delivery of transformational planning projects will help to rebalance those projections.
24. In employment terms, the York economy continues to perform well. We are currently ranked 3rd (out of 64 cities) for change in unemployment since 2008 and latest figures show that York's unemployment rate is 2.4% in August (JSA claimants) whilst national & regional rates are at much higher levels (3.8% and 4.7% respectively). This represents a continuation of the trend over the last two years of York positively increasing the gap between

our local unemployment rate and the regional/national rate. York's percentage of its population on Job Seekers Allowance is now stabilising, much like the national picture.

25. The city centre economy, whilst showing some signs of the recession, is performing well in comparison with the national picture. The percentage of vacant shops in the city centre is decreasing. The shift seen over Q2 is small, but it is a month-on-month reduction over the four months to October and is indicating the start of a gradual reduction in empty shops. The percentage of vacant city centre shops now stands at 6.53%, a figure not seen since April 2008. The percentage of vacant shops at the top of the economic cycle in the city centre sat between 5-6%.
26. The newly created City Team will be working with the Council in shaping the spend of £3.3 million from the Economic Infrastructure Fund to deliver Re-Invigorate York, a project aimed at enhancing the public realm and improving the business and leisure environment in the city centre, thus strengthening York's offer as a business, tourism and leisure location. This illustrates York's drive for excellence as the city was recently voted the 3rd best UK City by the Guardian Travel Awards 2012.

Get York Moving

27. The council has made the strategic decision to join the West Yorkshire Transport Fund with a view to developing a local transport body with West Yorkshire to ensure strategic connectivity for the city. A positive meeting of authorities on the East Coast Mainline has also been held to look at options for the future of this rail link and discuss collaboration.
28. As part of the bid to bring the Tour de France to Yorkshire, the city is also leading on work to enable access to bikes and bike rental options across the region
29. Positive progress is being made on the Access York programme with contractor procurement having begun and a tender issue expected in early September 2012. This follows the agreement of the highway layouts in April and means the project is on target to commence construction in February 2013.
30. The implementation of 20 mph speed limits in the South Bank area have been completed. Two major roads in the area are also piloting the 20mph limit and this will be regularly monitored.
31. The council's i-Travel York programme was launched in mid September. £4.65m of funding from the Department for Transport is being used to

fund the scheme which will enable infrastructure enhancements, improvements to existing transport services and information in the city.

32. Consultation is also underway with businesses on the potential development of a Freight transshipment consolidation centre that would reduce the number of large delivery vehicles in the city centre and footstreets area, as a means of reducing congestion and improving air quality and the retail environment. So far, over 130 businesses in the city centre have been surveyed in addition to workshops with both universities and the hospital into their delivery situations. Full analysis of the results is expected in November.

Build Strong Communities

33. Overall Building Strong Communities is making good progress with many of the performance indicators achieving targets and plans progressing well.
34. In terms of community engagement, results from the Big York Survey show that 3 in 4 people believe it is important to influence decisions in their local area. However only 29% believe they can. New methods of communication including Facebook, Your Ward Online and twitter are being trialled. In addition, growing community involvement in ward action planning and service monitoring, the development of community contracts, and Community of Identity Plans is expected to increase the number of residents who feel they can influence decisions. Draft community contracts for 8 wards are out to consultation, a Community Engagement Strategy is in development and a community engagement toolkit supporting the strategy will be presented to Cabinet in December 2012.
35. Welfare reforms will have an impact on performance measures within Communities and Neighbourhoods, for example the housing waiting lists, debt and homelessness. The waiting list for social housing is increasing in line with national trends, as is the number of people presenting themselves as homeless, both of which are putting pressure on these services. Nationally there has been a significant increase in homelessness and numbers in temporary accommodation. This increase has been mirrored in York but has been less significant. The number of households in temporary accommodation at 30 June was 99, a slight increase over the figure for March 2012. However the number of these households with dependent children has decreased in the same period, although the small numbers involved introduce inherent variability. To further improve how we address homelessness in the city a refresh of the Homeless Strategy is underway and will be presented to Cabinet in March 2013.

36. Housing and Housing Benefit Staff have been shortlisted for the Guardian Public Services Award 2012 for their work on the impacts of Welfare Reform changes to CYC residents.
37. Rent Arrears: Current tenant rent arrears as a % of annual rent due is not achieving its target of 1.28% - performance is 2.12% (to Aug 12) but has improved from the position last year, which is a significant achievement in the current economic climate. Housing are working with partners and providing outreach sessions to tackle arrears and improve debt advice.
38. The CAB have secured three year funding to run the “Family Fortunes – working to make Child Poverty History” project. The funding is targeting families in poverty to get them out of debt and into employment. Westfield is one area targeted for support and outreach sessions have taken place from Primary Schools to support families in rent arrears. The Tang Hall Advice Hub has also been launched between CYC, CAB, Future Prospects, Credit Union, and Housing Associations.
39. Crime: Performance across most areas of community safety in York shows very good improvement, with the total recorded crime incidents forecast to decrease by around 9.8% on last year. This represents a 58.3% decrease in crime in the city since 2003/04. Based on information available for Q2, all indicators within the serious acquisitive crime group are predicted to be lower in 2012/13 than in last year.
40. Libraries and Museums: The council is progressing well with plans to build a community-based mutual to run the libraries and archives service and options for the service to be run by a social enterprise are being developed for consideration. The number of visitors to libraries has decreased by 3% on the same period in 11/12. Lower numbers in July and August are thought to be due to the Olympics and September numbers are up again.
41. Visitor numbers for York Museums Trust are 12% down overall on the same period last year. However, last year’s numbers were higher than normal due to increased attendance levels during the very popular Hockney exhibition. All sites other than York Art Gallery show an increase in visitor numbers.

Protect the Environment

42. There is a £10m total pot available to the authorities named for early Green Deal deployment pilots. Funding allocation is likely to be around £125K although yet to be confirmed - under the Leeds City Region Low Carbon Pioneer Programme, the council and the Yorkshire Energy Partnership (YEP), have been successful in a bid for money to pilot the installation of

interest free loans to pay for solid wall insulation in hard to treat areas of the city

43. An overarching low emission strategy has been developed and agreed, which will drive further reductions in emissions of local and global air pollutants, mainly by promoting and incentivising the use of low emission and alternatively-fuelled vehicles. This is essential to meet legal obligations in relation to health based national air quality objectives and delivery of carbon reduction targets.
44. The Yorkshire Energy Partnership continue to deliver energy efficiency and renewable energy advice to homeowners and landlords in the City including the area based scheme (373 loft and 195 cavity wall insulations) and the Wrapping up York scheme (707 loft and 403 cavity wall insulations). Advice has also been given to 4031 households.
45. A 'Low Carbon Investment Pipeline' has been created for York that will help set out York's potential for projects that now need further feasibility studies and to attract investment and / or funding to accelerate. This will also form part of a Leeds City Region (LCR) Low Carbon Investment Pipeline and link to the new LCR Investment Plan.
46. New figures for CO₂ show the impact of the bad winter in 2010 across York with a similar impact across the rest of the country. Domestic, Industry and Commercial CO₂ all went up in 2010 increasing overall CO₂ by 6% with Industry going up 9.1% and domestic up 8.5%. Estimates (based on DECC estimate of 8% reduction in energy consumption between 2010 and 2011) show a more positive picture for 2011, with emissions falling again.
47. Phase 2 of the Green Audits is ongoing, identifying suitable carbon management improvement projects. Recent audits have been undertaken in 10 schools. A full report and results with improvement projects will be available in November.
48. The implementation of the Public Realm Strategy is moving forward with Stakeholder consultation and workshop in October and public consultation due in November. The finalisation of Heritage Strategy to drive implementation for conservation and heritage education has slipped to March 2013 after initial planning stages being held in September with an agreed consultation strategy due the end of October. The results from the Big York Survey showed 81% of respondents thinking York is doing well with conserving York's heritage.
49. Waste services has seen significant improvements since 09/10 in terms of percentage of waste recycled (7.8% increase), residual household waste (8.8% reduction) and proportion of waste being landfilled (7.2%)

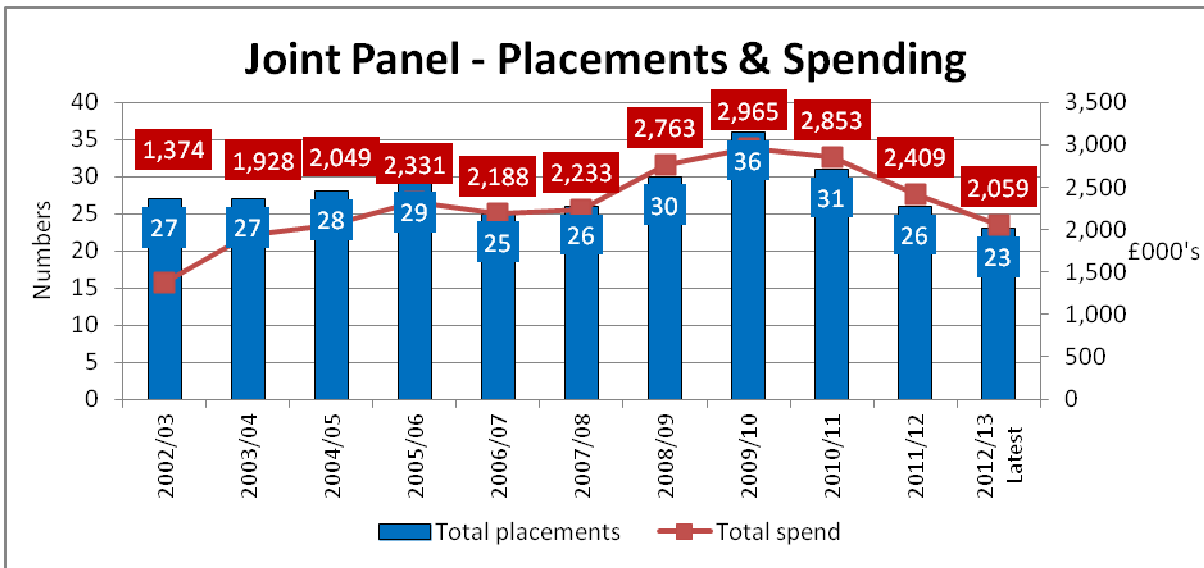
improvement), in line with national trends, and it becomes progressively harder to continue this rate of improvement - the latest forecast is for both of these to fall short of our ambitious targets for improvement. However, in national benchmarking for 10/11 (APSE) the service was in the top quartile for percentage of waste recycled, and second quartile for percentage of waste landfilled.

50. The latest forecast suggests that our targets for improvement in both areas continue to be challenging and, as at Monitor 1, the data from waste collections indicates that waste recycled, reused or composted will fall slightly below our target of 47.61% and the percentage of waste landfilled is forecast to be higher than its target of 51.56%.
51. In the last year the focus has been on rolling out recycling collections to a larger proportion of residents and this has had a positive effect on the recycling rate, but that focus has limited the possibilities for improving the service to those who already had recycling collections. York is currently trying to increase recycling via various different approaches such as a zero waste campaign, sustained levels of communication, specific advertising campaigns around the Christmas period for electrical goods, work to educate students about recycling, inclusion of the remaining properties without recycling collections and the trial of mixed plastic collection with Yorwaste in communal properties.
52. However, in the short term, the greater than expected levels of landfill also result in an increased financial pressure arising from the additional landfill tax incurred. There are also some service budget savings pressures in this area, which are covered from paragraph 98.

Protect Vulnerable People

53. Services for vulnerable children in York continue to be strong as noted in the annual assessment for children's services and the review of Children's Safeguarding by OFSTED. York has the lowest level of children in workless households in the region - an illustration of our comparatively strong economy creating good conditions and prospects for young people.
54. Work has ensured that the number of approved fostering households has increased to its highest level and we continue to ensure that all children placed for adoption are being adopted. The numbers of looked after children has also reduced by 17 since Monitor 1, a positive achievement. As a result of focussed work in this area, there has also been an improvement in the stability of short terms placements, meaning children are moved less between placements.

55. There has also been strong strategic oversight by the multi-agency Joint Panel, to identify pressure driving out-of-city placements in individual cases and across types of need, and to find or create local alternatives, redirecting resources as appropriate. This has been very successful and we have our lowest ever numbers of children placed outside the local authority, currently at 23, having reduced steadily from a high of 36 in 2009/10. Ofsted commended the local agencies (Health, Education, Social Care and Youth Offending Services) on the managing and monitoring of the SEN out of authority placements.



56. Identification of families in need of support continues through a combination of our case tracking system and well established effective partnership working. Though early days, we are already seeing improvements in family functioning, particularly in relation to education attendance and engagement. The project is now working with 40 identified Troubled Families, of which 37 in total are eligible for Payment by Results.

57. Despite this good progress, there are still some financial pressures on children's services and these are covered in more detail from paragraph **Error! Reference source not found.**82 onwards.

58. We are seeing improvements in our care services for adults as part of an ongoing transformation programme however this is set against a challenging picture in respect of increases in demand for services.

59. The pace and volume of hospital discharges continues to increase which puts a significant pressure on services. The September referral rate exceeded that of August, and for the year to date referrals are up over 8%. The measures taken to mitigate this trend have included increasing the capacity of the contracted out re-ablement service and work with health

colleagues for earlier notification to allow anticipatory planning to take place to ensure prompt discharge. However, the speed of discharge is improving – looking at all the discharges we supported following a formal Section 5 notification, we have achieved an average reduction in delay of 4.7 days.

60. Analysis of the allocation of Council budgets to Adult Social Care in 2012-13 shows that, in relation to our Comparator Authorities, York is one of the three authorities who spend 17% of the total budget. The range is between 17% and 24%. Of all 15 comparator authorities we have the lowest per head of population spend on adult social care at £206 per year.
61. We spend around 12% of our budget on care management and professional support. This is 2% higher than the Audit Commission's recent reports advised optimum level of 10% for care assessment and review processes, but it includes our mental health services, where much of the support is in the form of professional social work. We already employ unqualified staff to undertake elements of the care management function as recommended by the Audit Commission.
62. Improvement work on a number of areas continues to increase the timeliness of adult care packages and a growing number of people taking control of their own care through Self-Directed Support, plus waiting lists for assessments have been largely cleared. However there are also significant financial pressures on our adult social care budgets and these are covered in detail in paragraph 66 onwards.

Finance Monitor

63. There is strong evidence that York is performing well in delivering its priorities but financial performance is challenging. Following the extensive £21m savings programme in the 2011-12 budget, the 2012-13 budget requires a further £10.75m of savings in order to reach a balanced position. The forecasts outlined in this report reflect a prudent view of how that challenge is currently being met.
64. During the period of the governments deficit reduction programme in particular, when large savings programmes are being implemented, Monitor 2 has always predicted a continued significant level of financial pressures which have been successfully addressed during the year resulting in a balanced end of year position.
65. The council's net General Fund budget for 2012-13 is just over £122m. An overview of the finance forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Directorate	2012/13 Net Budget	Reworked 2011/12 Outturn	Monitor 1 position	Latest forecast	Movement
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	70,335	+1,523	+3,671	+2,948	-723
City & Environmental Services	20,129	+140	+1,303	+673	-630
Communities & Neighbourhoods	15,243	+212	+963	+525	-438
Customer & Business Support Services	18,144	-367	-	-	-
Office of the Chief Executive	2,864	-90	-	-	-
DIRECTORATE BUDGETS	126,716	+1,418	+5,937	+4,146	-1,791
Central Budgets (including the	-4,481	-1,767	-	-1,633	-1,633
GROSS BUDGET	122,235	-349	+5,937	+2,513	-3,424

Note: Central Budgets includes the use of £599k contingency

Table 1: Finance Overview

66. The mid year forecasts indicate that the council faces financial pressures of £2,513k, a significant improvement of £3,424k compared to the £5,937k reported at Monitor 1.
67. This improvement is as a result of the mitigation strategies identified, and outlined under each Directorate heading, in the following sections. These proposals are not without risk as, clearly, the financial position of the health sector or severe weather over the winter months could increase pressure on a number of budgets. However, Council Management Team will continue to monitor the financial position alongside the delivery of mitigating savings with a view to containing the pressures within the overall approved budget for the council.
68. Evidence from other authorities shows that many councils are experiencing either the same or greater level of financial pressures at this point.

Directorate Financial Performance

69. The following sections provide further information on the financial outturn of each directorate as outlined in Table 1 above.

Adults, Children & Education

70. The Adults, Children and Education directorate is reporting mid-year financial pressures of £2,948k, an improvement of £723k since Monitor 1. The pressures are split between Adult Social Services (£2,603k) and

Children's Services (£345k). There was growth of £2,000k included in the Adult and Children's Social Care budgets for 2012/13 but despite this it remains challenging to address the increase in demand for services.

Adult Social Care

71. Pressure on Adult Social Care budgets is, of course, very much a national and a topical issue. In the last couple of months, one Council (Barnet) has attracted national publicity for publishing a graph that shows that within 20 years, its entire budget will be swallowed up by social care costs. The LGA has also conducted a more recent modelling exercise that predicts a 29% shortfall between revenue and spending pressures by the end of the decade.
72. A further piece of work by the LGA indicated that Adult Care costs for York could increase 33% by 2020 and that being the case, even with a 2% increase in council tax each year, Adult Care would still account for half the council's expenditure in the 2019/20 financial year.
73. The latest figures for demographic trends indicate that there has been an increase of over 30% in the number of over 85's between the 2001 and 2011 census data. Further projections indicate a further 9% increase in over 85's by 2015 and 21% by 2020 with a 35% increase in over 90's by 2020. This means not just an increase in the numbers of older people requiring care, but also more people having complex and more costly care needs for longer periods of time.
74. The strategy to address these trends and their incumbent pressures has been to develop early interventions that address needs early and prevent the escalation into more complex care needs and more expensive care packages. This means that whilst the numbers of people supported by social care packages are not increasing, they have more complex needs so the costs of those packages are increasing. Local health provision is under strain and increasingly social care is being asked to support people who would previously have received health care support. With developments in medical science young people with complex needs are living for longer and moving from children's services to adult services, where they can need intensive support to keep them safe and able to live a full life. 35 young people have moved from children's to adult services in the last 2 years, which is a trend we would not have seen even 5 years ago.
75. There is also a shared ambition across local government and health agencies to see health care delivered closer to home. This is underlined in York by the need to work as a community to address the budget deficit within the local health care system. The North Yorkshire and York Review

highlighted the need for more joined up working and the need to reduce hospital admissions and lengths of stay. This approach does mean that more people will require social care support and this is currently an area of major concern as early discharge from hospital leads to people with complex care needs requiring very expensive care within their community.

76. The council has seen increasing numbers referred from the hospital for discharge support over the last two years:
 - Average of 125 a month in 2010-11
 - Average of 135 a month 2011-12 and this trend is continuing
77. People are leaving hospital on average 7 days earlier this year. This means that they require more social care for longer. This is a positive indicator for delivery of the care closer to home strategy, but progress in one part of the system brings pressures in other parts. Top level discussions are taking place with the GP commissioners and the Hospital Trust to consider this problem and seek mitigations.
78. Homecare – The Homecare service has been substantially redesigned and has been successful in signposting customers with low level needs to other forms of provision. This has meant that the number of customers has remained stable despite the growth in the number of potential customers, but it does also mean that the customers receiving the service have more complex needs. This is one reason why, despite unit costs going down following the outsourcing of the service weekly, spend on our home care contracts has increased from £54k a week in July 2011 to £80k a week in July 2012. This results in a forecast financial pressure of some £2,531k.
79. Residential and Nursing Care - The number of admissions to care homes has remained fairly stable, but as predicted the demographic pressures and the increasing ability to support people at home for longer means people are needing more intensive support as they enter care homes. This is leading to higher costs in nursing homes and, for some residents, additional 1:1 support to keep them safe. In addition, unbudgeted fee increases of 1% have been approved in April and October. All these factors have resulted in a forecast financial pressure of £492k.
80. Demographic pressures are also evident in Adult Transport with a forecast overspend of £298k,
81. Vacancies in small day services (£220k) help offset the overall forecast Adult Services overspend.

Children Services

82. The strategy in York has been to invest in preventative services and to support greater early intervention in the belief that this will lead to a reduction in the overall population of young people in care over time. There are some encouraging signs that that this approach is succeeding, with the intake having reduced since it's 2007-9 peak with approximately 20% fewer over 2009-11 than over 2007-9 and some 25% fewer admissions in April-July 2012 than in same four months of 2011.
83. New services have been introduced which are impacting upon the increased number of cases being seen associated with drug and alcohol misuse and domestic violence and our greater targeting of support and the expansion of services such as intensive family support teams specifically aimed at those on the edge of care, give ground for further optimism. We also know that the new front door arrangements are supporting early interventions, coordinated across multiple agencies.
84. However, the financial pressure on the budget for children's services has continued into 2012/13, despite the additional resources of £500k provided in this year's budget. The current pressure reflects various costs associated with the increase in the total number of looked after children which had risen to 261 by the end of the first quarter.
85. Most notably, local foster placements have increased from 174 to 180 (£195k) and Independent Fostering Agency placements have increased from 13 to 16 (£162k). This has had a corresponding impact on support budgets, including staffing (£385k), leaving care costs (£72k), legal fees (£50k) and adoption agency fees (£85k).
86. The Council does continue to benefit from our ability to retain the significant majority of placements in local high quality family settings – compared to authorities with 30% of placements with (more expensive) Independent Fostering Agencies, York continues to have less than 10% in such placements.
87. Overall, our target of safely reducing the care population by the end of 2013/14 is ambitious but appears to be deliverable given the performance in relation to early intervention and managing those on the edge of care.
88. A higher than expected LACSEG Academy refund (£397k) helps offset the forecast overspend.

Adults, Children and Education Mitigation Options

89. All areas of the directorate have been reviewed and work is ongoing within the Directorate Management Team to progress on a range of mitigation proposals, although this is not without some potential impact on customers and services.
90. Vacancy freeze measures are being strictly enforced across the directorate, including relief staff and short term cover. Other expenditure will only be incurred to meet statutory obligations, or where the well being of a vulnerable adult or child could be compromised.
91. Contracts for care provision are being reviewed and opportunities taken to reduce the level of contracted spend where possible, and demand allows.
92. Options for utilising reserves and grants will be taken where a consequent general fund revenue saving can be generated.
93. Charges for services are being reviewed to consider the options for increased income generation.
94. Vacant beds within our Elderly Persons Homes will be used whenever possible for planned respite care.
95. All options to delay the start of planned investment in new or revised services will be considered.
96. Decision making processes for care packages and support are being reviewed to ensure high cost arrangements are thoroughly scrutinised. All high cost packages have to be authorised by a Spend Panel, including The Assistant Director, Group Managers and Commissioning & Contracts Manager to ensure the needs are evidenced and eligible and that the costs are in line with market rates.
97. Discussions with partner agencies, including health, will continue to ensure that costs are effectively managed and controlled across whole systems.

City & Environmental Services

98. The City & Environmental Services directorate is reporting financial pressures of £673k, an improvement of £630k since Monitor 1.
99. A number of pressures exist across the Highways, Waste & Fleet service. Savings proposals are being developed to deliver these but in the meantime there is a shortfall in Commercial Waste income (£454k). Savings identified for 2012/13 around changes to terms and conditions, increases in

productivity, waste round rationalisation, Household Waste Recycling Centre policy and garden waste collections are yet to be delivered (£380k), as well as unachieved savings from previous years related to Agency Staff, Area Based Working, Internal Trading and Procurement (£220k).

100. Work is ongoing to deliver these savings within Highways, Waste and Fleet as the service is modernised however it is acknowledged that they will not be fully delivered until later financial years and in the meantime compensatory savings will need to be identified across the directorate.
101. Elsewhere in the Directorate there is a shortfall in Building Control and Land Charges income (£290k), however this is being offset by holding vacancies in the service area (£147k). There is also a £167k shortfall in parking income which has been impacted by recent bad weather, the continued effects of the economic downturn and the temporary closure of the Haymarket car park whilst archaeological works were undertaken. This has been offset by savings on the cost of Concessionary Fares passes and Taxicard usage (£145k).
102. Since the first budget monitor there has been a review of all budgets which has resulted in a reduction in the overspend totalling £380k since Monitor 1. The savings actioned include a hold on the purchase of any further replacement household wheeled bins and containers (£90k) (running down current stock levels), a further reduction in Highways budgets (£50k), a review of work that can be progressed on the Quality Bus Contract £100k, further holding of vacant posts (£50k) and a hold on training and supplies and services expenditure (£50k).
103. The Council is supporting the ongoing Minster Piazza project with funding of £500k. This is funded by a capital budget agreed at 2012/13 budget council (£250k) and an earmarked revenue reserve £250k agreed by Members in September 2007. The work on the project is capital and it is proposed that the council makes a £250k contribution to the project from the Local Transport Plan in 2012/13 rather than the revenue reserve. This will lead to a reduction in funding available for Local Transport Schemes however will provide mitigation towards the Directorate overspend.

Communities & Neighbourhoods

104. The Communities & Neighbourhoods directorate is forecasting financial pressures of £525k, an improvement of £438k from the Monitor 1 report. The majority of the pressures are attributable to unachieved savings from 2011-12. A number of these savings whilst undelivered in 2011/12 will be delivered during 2012/13 as a result of ongoing work.

105. Since the first budget monitor there has been a review of all budgets across the Directorate. Savings have arisen from a combination of strict vacancy controls, cutting back on expenditure on training courses, repairs and maintenance, equipment and transport expenditure. It has also been necessary to cease the use of relief staff at Libraries. It is also proposed that the February version of Shine is only available electronically. Further work is still being undertaken with the aim of bringing the outturn into line with budget and these will be reported to Members at later monitoring reports.
106. Elsewhere in the directorate, no further significant pressures are being anticipated at this time.

Customer & Business Support Services

107. The Customer & Business Support Services directorate is currently projecting that it will outturn on budget. The directorate will continue to try and identify other underspends which could assist in mitigating the council wide position.

Office of the Chief Executive

108. The Office of the Chief Executive directorate is currently forecasting that it will contain expenditure within budget. As with CBSS, the directorate will continue to try and identify other under spends which could assist in mitigating the council wide position.

Corporate Budgets

109. These budgets include Treasury Management activity and other corporately held funds and an underspend of £1.6m is forecast.
110. At present, it is anticipated that there will be a £250k underspend due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances and the volatility in financial markets which has allowed for the Council to take advantage of favourable interest rates. Pension strain costs to date have been lower than anticipated in the financial year resulting in an in year underspend of £100k. There is a saving of £84k on organisation review due to the reduction of 2 Assistant Director posts being achieved earlier than budgeted. Yorwaste have been successful in receiving a refund of some Landfill Tax paid over a number of years, and the council's share of this is £600k.
111. The forecast underspend also assumes that the current contingency of £599k will be fully set aside to meet in year expenditure pressures. This

will not be allocated to a particular service at present, but will continue to be held centrally to offset the overall council position.

Dedicated Schools Grant

112. In the DSG area there is a projected underspend of £151k against a budget of £107,405k, primarily due to lower than expected costs related to SEN Out of City Placements. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

Housing Revenue Account (HRA)

113. The current working balance on the HRA is £9,885k and the estimated variance against this is an underspend of £195k, which is due to number of variations across the service, including a number of staff vacancies and increased income from Registered Social Landlords.

114. Following the HRA Self Financing Review, in March 2012 Cabinet agreed a 5 year financial plan. Work is ongoing to develop the full HRA Business Plan which will set out details of priorities for the future, including opportunities for using a HRA development fund to support delivery of new council housing.

115. Options that are being considered as part of the Get York Building programme range from commissioning and building new council homes, to utilisation of the HRA to establish joint ventures / Special Purpose Vehicles to work in partnership with private developers to bring forward development of new affordable homes.

Financial Controls

116. The Audit Commission reviews the council's arrangements for securing economy, efficiency and effectiveness on an annual basis. The most recent states that "The Council has generally low service costs per head of population, low management and back office costs and low Council Tax levels, when compared to others. Performance reports, scrutiny reviews and other reports to members contain comparative information so there is generally a sound awareness of how costs and quality of service compare with others".

117. Whilst continued determination to control costs from teams across the council should see an improved position as the financial year progresses, further mitigation will need to be identified to contain the expenditure within

the approved budget by the end of the financial year. As strategies are identified the reported forecast will be amended in line with the council's stringent financial monitoring, a course of action that has been successful in previous years.

118. Strict expenditure controls are now being put in place across the council, with only very exceptional expenditure being allowed. This includes any spend on filling vacant posts, use of relief staff, training, travel, repairs and maintenance or general supplies and services, unless required for health and safety reasons or to protect vulnerable adults and children. Expenditure will be monitored closely to ensure compliance across all departments.
119. The council's management team will continue to monitor the financial position of the council on a monthly basis and will bring back a final in year detailed report at Monitor 3 on 12 February 2013.
120. Should the financial pressures not reduce sufficiently, or proposed mitigation strategies not deliver the improvement required, escalation of the issues will be raised by Director of Customer & Business Support Services to Members outside of the standard reporting schedule.

Reserves

121. The February 2012 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (or 5% of the net budget). As part of that report, it was also agreed that £250k was added to the reserve to provide an appropriate and prudent level of headroom.
122. Members have to be mindful that any overspend would have to be funded from this reserve reinforcing the need to contain expenditure within budget. Should this happen the Director of Customer & Business Support Services would have no option but to recommend to Council that the reserve is reinstated to at least its minimum required level which would have implications on future budget setting cycles.

Analysis

123. The analysis of the financial position of the council is included in the body of the report.

Consultation

124. There has been extensive consultation with Trade Union groups on the ongoing implications of the council's financial situation.

Council Plan

125. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

Implications

126. The implications are:

- Financial - dealt with in the body of the report.
- Human Resources - there are no specific human resource implications to this report.
- Equalities – equalities impact assessments have been undertaken for all savings proposals and are accounted for at all stages of the financial planning and reporting process.
- Legal - there are no legal implications to this report.
- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.

Risk Management

127. The risk management processes embedded across the council continue to contribute to managing the risk issues associated with major projects and key areas of service delivery.

Recommendations

128. Members are asked to:

- a. Note the current projected pressures of £2,513k
- b. Approve the strategies in place to mitigate the forecast as outlined in the body of the report
- c. Approve the earmarking of the total contingency balance of £599k against the spending pressures, subject to further review at final outturn

Reason: In order to ensure expenditure is kept within budget.

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Wards Affected: <i>All</i>			
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Annexes - None