
Meeting of Executive Members for City Strategy & Advisory Panel

7th June 2006

Report of the Chief Executive

Chief Executive's Performance And Financial Year End Report 05/06

Summary

1. This is an out-turn report to inform Members about the 05/06 year end position on performance against actions and targets relating to high level deliverables, critical success factors and Local and Best Value Performance Indicators. The report also contains the capital and revenue financial out-turns for the Chief Executive's directorate. Members are asked to note the year-end performance and financial position and make recommendations with regards to revenue carry forward bids and capital funding.
2. The report focuses on headline information and exceptions, with a detailed breakdown shown in Annexes 1-3.

Background

Year End Overview

3. During 2005/06 the directorate has been operating in an environment of high demands, constant change and financial constraint. Faced with meeting a £150k saving in a forthcoming departmental restructure and other in-year budgetary savings and efficiencies, a cautious approach to filling vacancies became the directorate's underlying policy. Including holding vacant the Deputy Chief Executive's and PA Support posts from December 2005, this has subsequently achieved an in-year saving on vacant posts totalling £180k.
4. Overall, the directorate is forecast to under spend its revenue budget by £187k. This represents a 1.6% variance on the gross expenditure budget of £11.5m. Carry forward bids totalling £80k are, however, requested to address slippage against a number of projects and activities.
5. The capital budget is also underspent by £98k due to slippage on Ward Committee Capital Schemes: this budget is fully committed and will need to be carried forward into 2006/07 to ensure that the schemes can be completed.

6. Looking back over 2005/06, the directorate has achieved a number of key successes.
7. Work by the Performance Improvement Team has supported the Council in achieving a positive Best Value report from the Audit Commission and an unqualified opinion of the Council Plan for the fourth successive year.
8. July brought Royal Ascot to the City. The communications aspects of this event were very successful and the work of the Marketing & Communications Team had a direct impact on the success of the event. Use of M&C staff on Radio York for traffic information and the setting up of an Ascot-specific press office during the meeting contributed to the success of the travel plan, and the consequent benefits to the city's prestige nationally and internationally.
9. Democracy Support rose to the challenge in supporting additional Licensing panels, 111, between June and November as a result of changes in legislation and completed the review of the Constitution.
10. Electoral and Civic Services played their part in administrating the inauguration of the new Archbishop of York.
11. Having finalising their restructure, Human Resources went on to secure £800k from the ODPM capacity building fund to pilot a Leadership & Management Standards Framework in partnership with other North Yorkshire Councils.
12. Environment & Neighbourhoods had a number of successes in winning awards such as the best new programme of the year award from the Keep Britain Tidy organisation ENCAMS and for its new 'Name and Shame' graffiti initiative.
13. December saw the departure of the Deputy Chief Executive and despite holding this and several other vacancies, the directorate has managed to achieve good progress in its performance against targets.
14. The Policy & Support Team has been busy supporting the Chief Executive's corporate restructure and with the impending restructure of the Chief Executive's directorate to be implemented in 2006/07, this will present new challenges and opportunities for the Chief Executive's directorate in terms of managing change and continuing to deliver key services within budget.

High Level Deliverables and Critical Success Factors

15. The full list of the directorate high-level deliverables can be found in Annex 2, together with the directorate's critical success factors which include the directorate's priorities identified at Leader EMAP in April 2005. Outlined below is a summary of achievements and key variances for each service area.

Chief Executive's Policy Development & Support Team

16. With the support of the Policy Team, the Corporate Restructure is almost complete, with new directors appointed and in post. Consultation on the Chief Executive's directorate restructure is now in its final stages with recommendations due to be presented shortly.
17. The Policy Team has also been helping the Chief Executive to advance the Regional Agenda by developing a strategy for positioning the City of York as a 'city region' that will strengthen its role as one of the region's key cities and enable it to take advantage of the opportunities offered by the Northern Way Growth Strategy. However, slippage has occurred primarily due to the fact that Yorkshire Forward support for the key cities concept has been reduced. There has also been officer sickness in Economic Development Unit and competing work pressures in Policy Development Team. The position of the York City region is now likely to take place in the context of the emerging debate about governance of the Leeds City region and Local Government White Paper.
18. Work to determine how the Corporate Council will contribute to and benefit from the development of an employee volunteering partnership (York Cares) has taken place and a CYC Board Member of York Cares has now been appointed. A successful 'speed dating' event was held in October 2005 (an initiative designed to encourage employees to participate) as well as the 'Life Swap Week' in March 2006.
19. An underspend of £23k by Chief Executive's, is primarily due to under-spend against a seconded post and on general operational budgets. The secondment led to some slippage occurring in the work of the Policy Team.

Human Resources

20. A revised attendance management policy and supporting strategic plan has been approved by CMT and members. The strategic plan lists a number of areas of focus for the next 3 years, which when integrated together will deliver the outcome of improved attendance. An audit of sickness management processes has taken place as a first step in order to ensure systems are effective. A pilot involving an Occupational Health contact centre is operating in Adult Services and positive outcomes in terms of both level and frequency of absences are now evident. Work involving the use of osteopath interventions are also continuing in Commercial Services Directorate.
21. Delays in establishing the initial project team, the lack of strong establishment controls causing poor data integrity and inadequate management information systems has meant some slippage on timescales relating to the Job Evaluation project. However, it is now anticipated that the profiling work will be completed by June 2006 with the remaining project completing to timescale. The pay strategy is being developed incrementally in order to enable pay modelling and negotiations with Unions to commence. Once the job profiling, benchmark assessments and discussions on pay strategy are

completed a revised grading structure can then be developed and implemented.

22. A framework for Leadership and Management Competencies has been developed following extensive consultation in Directorates and a further successful bid to the ODPM capacity building fund for £834K was secured to build leadership capacity in the Partnership. The plan to apply the framework to key HR processes will be considered at CMT in May 2006. Roll out of each updated process will take place incrementally in the coming year.
23. During 2005/06 HR were able to save the Council £230k, on recruitment advertising spending through various initiatives with suppliers.
24. Human Resources under spent by £62k overall during 2005/06, this was largely due to a £71k staffing under-spend, as a result of vacancies following the implementation of the HR restructure. Delays to the approval of the HR re-structure impacted on further work to fully develop a workforce development strategy, therefore this project will not be completed until August 2006. In addition, delays in ODPM approval of funding for the competency framework have delayed roll out of application to development needs, which is now planned for April 2007.

Performance Improvement Team

25. The Corporate Strategy has been developed with the involvement of the Corporate Leadership Group. Work to finalise the strategy and develop a 3-year organisational effectiveness programme is now being progressed.
26. Recognition in the District Audit's Annual Management Letter has been achieved for the new corporate performance reporting framework, in particular, the new integrated approach to reviewing both service and financial performance.
27. Work is continuing with the Inclusive York Forum and Council officers to complete the anti-poverty strategy. A consultation process with a wider audience within council and partner agencies is now required to take place. Completion of this work is expected to be September 2006.
28. Actions from the 'Spotlight on Equalities' Conference were incorporated into the Pride In Our Communities (PIOC) Equalities Strategy, which was launched in September. The Equalities Team also produced 'Making Connections' a helpful accessible communications policy and guidance.
29. The first refresh of the Safer & Stronger Communities Fund was completed and signed off by Government Office. This strengthened the areas of concern identified in the previous agreement. This will be a key contribution to the emerging Local Area Agreement.
30. During 2005/06 the Performance Improvement Team underspent by £48k. £47k was mainly due to a number of posts becoming vacant in year,

including a secondment, which were not filled pending the restructure of the Chief Executive's Department.

Marketing & Communications

31. The communications aspects of Royal Ascot were very successful and had a direct impact on the success of the whole event. In the aftermath of Ascot there were several potentially damaging stories to the council's reputation. The press office worked to mitigate these stories and management statistics show that positive stories mostly outnumber negative stories by 2:1.
32. Corporate written internal communications have continued to be a strength of the Council as borne out by the staff survey. The updating and improvement of the intranet - Council Net, continues to be a priority, although there is no specific funding available to support this work.
33. A new high tech Print Unit was launched during 2005/06 and it is through non payment of equipment rental during the transition period that this has in part contributed to Marketing & Communications underspend of £35k, along with in year staffing vacancies.
34. A consultation strategy designed to make sure customers' needs and opinions are fully reflected in the council's work is likely to be an action from the corporate priorities for 2006/07.

Civic, Democratic & Legal Services (including Scrutiny)

35. The Constitutional review is now complete, following a consultation process which led to slight slippage on the original project deadlines, but was finalised within the revised target deadline as reported in monitor 2. The new arrangements will now be implemented in the next municipal year.
36. Democratic Services have had a busy year staffing the 111 Licensing Panels and procuring and implementing a new electronic committee management system on time and within budget as part of a successful IT development bid.
37. Electoral and Civic Services supported the administration of the inauguration of the new Archbishop of York. Scrutiny Officers supported Members in their appraisals of Libraries and Archives and sustainable energy in Council buildings. Legal Services retained their LEXCEL accreditation whilst achieving higher customer satisfaction levels.
38. Civic, Democratic & Legal Services overall under-spent by £44k in 2005/06. This relates to a £53k under-spend of the External Consultancy budget in Legal Services and is due to the funding for the review of the Constitution and for further investment in Safer Cities not being fully spent in year. In addition to this, there was also a staffing under-spend of £40k in Democracy Support Group due to vacancies in year, and a new member of staff being appointed at a lower grade level.

Neighbourhood Pride Unit (NPU)

39. To help reduce the combined litter levels around York's roads, paths and squares, a successful LPSA2 bid was made to deliver stretch targets in relation to BPVI 199(a) litter and detritus. Working with Street Scene, performance improvement is set to no more than 17% of land falling below grade B in terms of litter and detritus. At present the Government's standard is 25%. Service improvements will be implemented throughout 2006 – 07 to deliver the required stretch target.
40. Throughout the year substantial work has been undertaken to improve customer contact via the York Pride Action Line (YPAL) focusing on caller demand and process improvement. This is being done prior to the transfer of the YPAL service into the Customer Contact Centre for easy@york in June 2006. YPAL and Street Environment Officers have been fully involved in the workshops and meetings for easy@york. These workshops have taken more resources than first envisaged which has had an ongoing impact on the service provision, which has been offset by the use of temporary staff where applicable.
41. The Street Environment Service worked with service providers and other partners throughout the period leading up to Ascot to provide tangible improvements in the York Environment. Ward audits were completed throughout the City and highly visible improvements were achieved through York Pride budgets for non-statutory enhancements throughout the City. Co-ordinated working ensured timely delivery and consistent efforts to maintain standards throughout the event and ongoing.
42. The Community Pride initiative has been transferred to the Neighbourhood Pride Unit for delivery. Ongoing publicity work is increasing the number of applications made to the York Community Pride Challenge Fund from small and medium size community groups. Increasing the number of successful applications helps volunteers and small community groups to improve the physical appearance of their neighbourhood.
43. The budget process has been improved for the delivery of the Local Improvement Schemes ward committee budgets. The budgets are now being managed at a ward level split into both revenue and capital streams, with schemes being attracted from the public for both of these allocated budgets.
44. Overall, Neighbourhood Pride revenue budgets, excluding the local improvement scheme budgets, have overspent by £33k in 2005/06. This relates in part to a £54k overspend from double taxation claims from Parish Councils.

Cross Cutting Issues

45. In addition to the above priorities and improvements, a number of cross cutting issues were identified at the start of the year, which impact on every service area within the directorate. Work has now commenced on the directorate's business continuity arrangements to address the work of the

Civil Contingencies Act. A directorate Fuel Plan has also been developed. The directorate took a lead role in ensuring that web based data satisfy the BVPI 157 requirements, which was successfully completed on target in December 2005. The directorate is also taking a lead role in introducing new corporate health and safety policies. Further details are available in Annex 2.

Best Value & Local Performance Indicators

46. Sickness Absence (BVPI 12) - There has been a reduction in the number of sick days lost per full time equivalent dropping from 13.5 days in 2004/5 to 12.48 days in 2006/7 corporately. Benefits have arisen from the Active Health contract in Adult Services, which has seen significant reductions. Also improved quality auditing by HR has resulted in the removal of some long-term sickness cases. This drop has led to a reduction in days lost due to stress related absence (CP13a), which is down 0.5 days per FTE corporately. There has also been a slight increase in the numbers of people taking ill health retirement (BVPI15), rising from 0.22% to 0.29% of the council's workforce as a result of a number of dismissal hearings, due to long-term sickness, in which some cases have been assessed as ill health retirement.
47. Turnover (Coli 58a) – Improved quality checks on data has resulted in improved corporate staff turnover results, falling from 17.75% to 13.09%. However, it is expected that this figure may rise in 06/07 as a result of redundancies/fixed term posts not renewed following the last budget round.
48. Appraisals/PDR's (CP14) – Corporately appraisal figures have remained stable showing a slight improvement on last year at 74.48%. The good results achieved in Adults and Housing are of particular note. The Chief Executive's Directorate only achieved an outturn of 45% in year. This was due to some delays associated with management changes and the remaining appraisals will be completed by the end of July 2006. A review of the Performance and Development Review process is being undertaken by HR in 2006/7.
49. Equalities – Improved quality auditing of BVPI 11a (the percentage of women in the top 5% of earners) has resulted in a drop in performance from 48% to 44% whilst the improvement in the numbers of ethnic minorities employed by the council is at least partly a result of the unofficial increase in ethnic minorities in the city. Corporate recruitment initiatives such as the formation of North Yorkshire Together, a consortium of public sector organisations across the city and wider region, will have an impact but not in the short term. In the last year CYC has achieved Level two of the Equality Standard. Level three should be achievable by the end of 2006.
50. Crime Measures - The performance indicators measuring the level of residents' concerns about crime and anti social behaviour are showing very encouraging levels of improvement during 2005/6. The level of concern expressed by residents fell for each indicator, some by as much as 50% when compared with 2004/5, with a number of these demonstrating the highest performance since they were first measured in 1997. It's difficult, however, to provide an adequate explanation for this trend as there is a poor correlation between concern about a given type of crime or anti-social

behaviour and its frequency of occurrence. It would appear that all indicators are similarly influenced by the same factors which encourage a general perception that York is safer. These may include a visibly increased police presence, especially in the city centre, or an awareness of high-profile projects such as 'Smartwater' or the 'It's Your Call' anti social behaviour action line, hosted via York Pride Action Line.

51. Staff Survey – The Staff Survey has been carried out every 18 months since March 2001. There was a 10% decline in the corporate response rate in the October 05 survey, which could be due to respondent fatigue and the fact that less than one-third of respondents believed that action would be taken as a result of this survey. Despite this, positive trends continue to emerge.
52. Chief Executive's was the only department to show an increase in the Staff Survey response rate. However, the Neighbourhood Pride Unit was included in the Chief Executive's survey results for the first time which impacts on direct comparison with previous years results. Chief Executive's overall job satisfaction levels declined slightly in comparison with the previous survey with job satisfaction now at 57%. There have been some improvements in terms of the awareness of what the council is trying to achieve with an increase from 55% to 64%. The Directorate is currently working with its managers and staff to address the key findings of the survey
53. Customer First – in general a stable picture is presented on the customer first indicators. The exceptions being improvement in the numbers of letters replied to within 10 working days, rising from 79% to 94%, and responses to stage 2 complaints rising from 68% to 76%. Response times to Stage 3 complaints, however, fail to show improvement falling to 40% from 55%. All corporate customer first measures are to be reviewed as part of the easy@york project.

Financial Overview

54. As reported at Monitor 2 in December, in order to ensure that expenditure is contained within the departmental budget, Chief Executive's were actively pursuing savings in all areas to offset budget pressures, and were reviewing all vacancies to ensure that it was necessary to fill them at that point in time. As a direct result of this approach and the decision to put recruitment to vacant posts on hold pending the restructure of the directorate, including the Deputy Chief Executive's post, this has resulted in a staffing under-spend across the directorate, totalling £180k.
55. As part of the directorate restructure, a saving of £150k has been offered up in 2006/07.

56. The table below summarises the outturn position for Chief Executive's. It shows an underspend of £187k during 2005/06, representing a 1.6% variance on the gross expenditure budget of £11.5m.

	Expenditure Budget £000	Income Budget £000	Net Budget £000	Outturn £000	Underspend £000	%
Chief Executive	2,243	8	2,235	2,212	-23	-1.0
Deputy Chief Executive	147	51	96	88	-8	-5.4
Human Resources	1,832	1,669	163	101	-62	-3.4
Performance Improvements	1,461	606	855	807	-48	-3.3
Marketing & Communications	838	860	-22	-57	-35	-4.2
Neighbourhood Pride Unit	2,005	362	1,643	1,676	33	1.6
Civic, Democratic & Legal	3,012	759	2,253	2,209	-44	-1.5
Total	11,538	4,315	7,223	7,036	-187	-1.6

57. Members should note that in addition to the above there is a Corporate HR Savings target of £100k on pay add-ons. No savings have been achieved in 2005/06, and the target is now being considered as part of the job evaluation process.

58. Due to slippage against a number of projects and activities, Members are requested to approve carry forward bids totalling £80k for the following:

	£000
<u>Employment Issues / Legal Fees</u>	15.0
This carry forward is required to fund project slippage and unplanned legal fees for individual legal cases. The cost incurred by other departments has been borne by HR. If this carry forward is not approved the available budget for 2006/07 will be reduced which will jeopardise the achievement of HR objectives.	
<u>Pay & Grading / Flexible Benefits</u>	22.0
Loss of this funding would undermine the Council's negotiating position on Pay & Grading as there will be no bargaining chip to offset the withdrawal of bonus. This will make the withdrawal of bonus harder to achieve and presents a risk to the containment of costs within targets.	
<u>Local Area Agreement (LAA)</u>	35.0
This funding is needed to pump prime development of the LAA. This has slipped into 2006/07 due to under capacity in the project team. The situation has been exacerbated by government shortening the deadline for submission of the agreement.	
<u>Corporate Strategy</u>	4.5
This carry forward is required to cover the cost of producing the Council's first 3 year Corporate Strategy. The Strategy was due to be produced in March 2006 but the process has been delayed. The loss of this funding will lead to a reduction in the quality of the finish, and may reduce the circulation and impact of the published document.	

Without Walls 3.5

A carry forward of £3.5k is required to cover the cost of consultation on the Local Area Agreement. This was to be carried out in 2005/06 but has been delayed due to a revision in the national timetable. Without this funding the Council's engagement process with the Voluntary and Community sector and with partners will be significantly reduced and may have implications for the sign off of the final agreement.

Total Carry Forward Bids 80.0

59. A detailed breakdown of variations, where forecast out-turn is significantly different to the approved estimate, can be seen in the budget monitor sheet in Annex 3.

Capital Programme

60. The Chief Executive's capital programme was originally comprised of £202k of Ward Committee capital schemes in 2005/06, together with £63k of schemes rescheduled from 2004/05 into 2005/06. £58k of budget was slipped into 2006/07 in the second budget monitor.

Ward Committee Capital Schemes (£207k revised budget)

Variance
-£98k

There has been £109k spent on capital schemes in 2005/06, an underspend of £98k compared to the budget. This underspend has arisen due to project slippage. The full £98k is earmarked and committed for schemes, and will need to be slipped into 2006/07 to ensure the schemes can be completed.

Consultation

61. The performance and management report has been approved by the Chief Executive's Department's Management Team.

Options

62. Options for consideration are detailed in paragraphs 58 and 60 above.

Analysis

63. This performance and financial monitoring report is for information purposes only, so no options or analysis has been provided. However, the financial monitor does refer to budget carry forward requests and consideration needs to be given to the implications of further slippage to actions and projects.

Corporate Aims and Objectives

64. The performance measures and targets relate to improvement in all of the 4 corporate priorities. However, focussing specifically on the areas affected by the carry forward requests, the following corporate objectives are relevant:

8.1 *Give the city stable, responsible leadership based on the consent of its residents and focused on providing affordable, good quality, public services – Without Walls & Local Area Agreement.*

8.7 *Improve how the council plans and manages performance – Corporate Strategy.*

8.8 *Improve the Council's management, development and treatment of staff – Legal Fees.*

1.1 *Increase residents satisfaction and pride with their local neighbourhoods – Ward Committee Capital Scheme.*

Implications

65. **Financial** - Proposals relating to carry forward bids and capital slippage have implications relating to risk of slippage or non-completion of schemes and projects if not approved. Details are given in paragraph 58 above.

66. Human Resources (HR) – The carry forward bids from Human Resources include the following:-

- Legal Fees – This relates to unresolved staffing issues from different external claims made against CYC and relating to former employees of the Council. Failure to approve this carry forward proposal would result in 'in-year' pressure on HR operational budgets and potentially impact across a range of current projects aimed at improving employee attendance and responding to the staff survey outcomes.
- Flexible Benefits – This relates to the development of a range of flexible benefits for employees in recognition of staff survey outcomes relating to choice and motivation. Failure to secure this carry forward would compromise the Council's ability to develop its approach in partnership with the NYCC, leading potentially to higher levels of staff turnover in key employment areas.
- Local Area Agreement – This relates to provision of adequate resources to support the development and implementation of the LAA. Failure to provide this support could compromise the Council's ability to produce a robust LAA which improves community outcomes.

67. Equalities – There are no Equalities implications.

68. Legal – There are no legal implications.

69. Crime and Disorder – There are no crime and disorder implications.

70. Information Technology (IT) – There are no IT implications.

71. Property Implications – There are no Property implications.

72. Other – There are no Other implications.

Risk Management

73. In compliance with the Council's risk management strategy, there are no risks associated with the recommendations of this report. However, Members may wish to note that there are potential implications relating to further slippage or non completion of schemes and projects, if the carry forward requests are not approved.

Recommendations

74. That the Advisory Panel advise the Executive Leader to note the performance and financial out-turn position for 05/06 and to recommend:

1. Carrying forward bids totalling £80k as detailed in paragraph 58.

Reason: To prevent further slippage or non completion on the projects and actions identified.

2. Carrying forward £98k of capital slippage as outlined in paragraph 60.

Reason: To ensure that schemes can be completed.

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All

For further information please contact the author of the report

Background Papers:

- Leader EMAP Report dated 26th April 2005 – Chief Executive's Department Service Plans 2005/06
- City of York Council - Council Plan 2005/06
- Closure of Accounts Guidance Notes 2005/06

Annexes:

Annex 1 – High Level Deliverables and Critical Success Factors

Annex 2 – Best Value & Local Indicators

Annex 3 – 05/06 Capital and Revenue Financial Summary