

Joint Report of the Director of People & Improvement & Head of Finance

Second Performance and Financial Monitor - 2007/08

Purpose of the Report

- 1 This report provides details of the headline performance issues from the performance monitor session on the 20th December 2007. It also builds on this to present the latest projection of the Council's revenue income and expenditure for the current year.

Background

- 2 This year's first monitor session looked at a number of different areas of corporate performance, considered under three separate categories:
 - Progress on our corporate *priorities*.
 - A *corporate health* check for the Council (e.g. financial performance, staff performance, CPA, LPSA, equalities, H&S and Customer First statistics)
 - Key performance issues of corporate significance from *directorates*.
- 3 This report follows the same format and all analytical performance data, reports and presentations used at the session have been added to the Council's intranet site, under '*Documents & Information/Council/performance information & management*'.

Summary of Performance headlines from Monitor 2

- 4 A number of performance issues/actions were identified at the monitor session for Directors and Executive members to address before the end of the 2007/08 financial year. The key ones are:
 - The council approved a new approach to reducing staff sickness absence across the council, with a view to tackling this issue in a holistic way. It may take a number of years to yield results. A report will be brought to CMT early in the new year to set out more details on the implementation and timing of this approach.
 - More data needs to be produced on equalities to allow the council to understand what needs to improve, both within the council's employment and in terms of service delivery. This should help to understand the different stakeholder groups much better, allowing us to become more customer responsive and to make more specific improvements.
 - A reputation strategy needs to be developed by the Marketing & Communications Team to help the council communicate with it's citizens much more effectively. Corporate Management Team will consider a draft version of the strategy on the 16th January 2008.
 - That although the finance team are currently predicting an underspend for the council's budget, the principle causes are non-recurring and budget holders should continue to manage diligently, areas that are overspending as these could still cause significant budget pressures in future years.

- Capital slippage is forecast to be 10%, which is an improvement from prior years when slippage of 20% to 30% has been experienced. However, project managers need to continue to keep control over schemes and spend profiles to bring this down further.

Progress on Priorities

- 5 The monitor session reviewed progress on the Council's existing corporate priorities and a synopsis of progress on each of our 14 priority improvement areas is set out in Annex 1. This monitor highlighted extremely good improvement on three priorities in particular:
- *Decreasing landfill and increase recycling* – which is now performing well in excess of our very challenging targets and has saved the council money by avoiding government landfill level fines.
 - *Reducing violent crime & anti-social behaviour* – where incidents such as common assault and criminal damage have continued to reduce (although wounding incidents continues to increase). These improvements are in line with major reductions in overall crime incidents in York over the past 3 years.
 - *Cleaner streets and open spaces* – which continues for the 4th year running to improve, in particular the flagship indicator BVPI 199 (cleanliness of our streets & highways), which could move up 2 quartiles if the 3rd survey result of the year continues along the lines of the first 2.

Staff performance – corporate overview

- 6 Corporate sickness absence levels are still high, but are now demonstrating encouraging reductions on the equivalent period in 2006/07 (see annex 2). The situation by directorate is rather more varied with HASS, LCCS and City Strategy showing reductions and other directorates not faring as well.

Directorate	2006/07 Outturn	Staff sickness levels (Apr – Oct 06)	Staff sickness levels (Apr – Oct 07)
Corporate Figure	12.90 days	6.53 days	5.22 days
Chief Executive	5.07 days	2.97 days	4.14 days
Neighbourhood Services	16.8 days	7.67 days	9.52 days
City Strategy	11.43 days	6.23 days	5.23 days
Resources	10.38 days	4.54 days	5.01 days
LCCS	9.96 days	4.40 days	3.61 days
HASS	21.11 days	10.87 days	8.75 days

- 7 The Council's revised sickness absence procedures were implemented on 1st October 2007. Bespoke training for managers has commenced, along with the implementation of a comprehensive communication plan to help support implementation and embed changes.
- 8 The overall improvement in performance is extremely encouraging and although full implementation and the required cultural change required for the Council to become high performing in this area will take a number of years, the remainder of the year should see a continued improvement in attendance levels.

Stress

- 9 Stress levels corporately have shown a 10% reduction on the equivalent period in 2006/07. Again there are some discrepancies between performance in directorates but it is worth noting that there have been substantial improvements in HASS where a stress management pilot has been run as part of the Health and Safety Executive's

strategic intervention programme. This approach will be evaluated and it is likely to be rolled out across the Council.

Turnover

- 10 The likely year end outturn is still forecast to be around 12%, very similar to turnover in 2006/07. This is still below average levels of turnover for local government. There are signs that the ongoing pay and benefits review may be having an impact as people look for jobs elsewhere due to the uncertainty about their own pay prospects at the council, although the corporate recruitment strategy (currently under development) will help to minimise any impact on service delivery.

Directorate	2006/07 Outturn	Turnover levels for (Apr – Oct 2007)
Corporate Figure	12.02%	7.61%
Chief Executive	14.00%	7.92%
Neighbourhood Services	16.12%	7.91%
City Strategy	15.74%	10.26%
Resources	15.41%	5.56%
LCCS	12.96%	7.30%
HASS	16.95%	8.30%

Equalities

- 11 CYC has had a Comprehensive Equality Policy since 2003 and an overarching Equality Strategy “Pride in our Communities” (PIOC) since June 2005. These were developed with particular attention to the requirements of the Race Equality Scheme, which was the main Equality standard at the time. Both documents were ahead of legislation and good practice when they were drafted. However, with effect from April 2007 Equality legislation and the Equality Standard for Local Government (ESLG) has been changed to become much more challenging. It’s main aim is to eradicate disadvantage based on race, gender, disability, sexual orientation, religion & belief, and age, and places a duty on local authorities to provide services which meet the needs of individuals from these six equality strands.
- 12 To ensure the council becomes fully compliant with the new ESLG and legislation, the Policy, Equalities & Improvement team is working with Directorates and stakeholders to:
- revise the Equality Policy and Strategy to take on board legislation and Standard changes making sure that they fully meet the Race Disability and Gender Duties, by March 2008 at the earliest (this may take longer as it is now a requirement to actively involve representatives of the six strands in this work).
 - put in place corporate and directorate plans to get CYC to Level 3 of the new Equality Standard. This will be a fairly lengthy task and is unlikely to be completed before end of 2009. It is also dependant on equalities being thoroughly embedded in the corporate culture.
 - initiate a sustainable programme of Equality Impact Assessments, the first phase of which should take place by March 2008.
 - develop and provide corporate equality sensitivity and practice training for staff as soon as possible.
 - undertake equality data mapping, monitoring, analysis, and use this to evidence improvement in service delivery and employment for individuals covered by the six

equality strands, as soon as possible. The table below provides just a few details on employment in the council over the past couple of years.

Employment & equalities in CYC

	York	Council Oct 05	Council Mar 06	Council Sept 07	Council Dec 07
Disabled	17% (1)	2.1%	1.9%	2.1%	2.11% (Oct 07)
BME	6.1% (2)	2.8%	3.1%	4.1%	4.3% (4)
Women	51% (3)	73%	73%	75%	72%

(1) Percentage of all disabled people in York (not just working age)

(2) 2003 Annual Population Survey estimate total York figure (not just working age).

(3) % of female working age population (16 to 64 years) from 2001 census

(4) includes 'white other'

Health and Safety

- 13 The number of RIDDOR reportable incidents (involving employees or members of the public) in 2007/8 to date (April – Nov) stands at 61. If this trend continues, the final results for 2007/8 will be around 80, similar to the 79 recorded in 2006/07. Current projections indicate that we have made no significant change over the last 2 years.
- 14 The last monitor report highlighted the 2 cable strikes, one of which occurred in the current year. There has been one further RIDDOR 'Dangerous Occurrence' this year, which involved an incident of contractors striking and breaching a gas main (with no explosion or fire). Whilst this is primarily a contractor issue in respect of the RIDDOR reporting requirements, the city reported this to HSE for completion.
- 15 In order to drive forwards an overall improvement in health & safety performance across the City's operations, an in depth strategic review has commenced. This is being undertaken in full partnership with managers, employees and the Health and Safety Executive and is being led by an independent interim manager with significant senior level experience in both the public and private sectors.

Comprehensive Performance Assessment

- 16 Last monitor we highlighted the importance of improving our score from a 2 to a 3 for the Use of Resources category of CPA. This was crucial as a score of 2 for the pending corporate assessment in January 2008 could place us at risk of dropping to a 2 for the overall CPA score.
- 17 On the 10th December, the Audit Commission sent confirmation that we been awarded a 3 for our 2007 Use of Resources and this was achieved through a significant amount of work in the Resources directorate to address key areas of weakness from the last assessment (see below for broken down result).

UoR assessment element	Score	
Financial Reporting	2	4 = well above minimum requirements (performing strongly)
Financial Management	3	3 = consistently above minimum requirements (performing well)
Financial Standing	2	2 = at only minimum requirements
Internal Control	3	(adequate performance)
Value for Money	3	1 = below minimum requirements
2007 UoR Judgement	3	(inadequate performance)

18 This now allows us to concentrate on completing three other elements of the CPA process for 2007:

- The successful completion of the corporate assessment, which is currently running to schedule.
- The data verification and confirmation of our service block scores before the end of January 2008. Some of these are already known due to inspections having been completed.
- Negotiation on our direction of travel, for which we were awarded 'improving adequately' in February 2006. This process looks at a number of elements, including how well we are improving in key performance areas in comparison to other councils.

19 Data verification will take place in early January, once the Audit Commission formally publish the 2006/07 comparative statistics. These affect the thresholds for some of the CPA service blocks. The Auditors held their first meeting on the draft direction of travel data last week and consultation will continue on this over the next 6 weeks. The January corporate assessment exercise will also have some influence the final result.

20 A special report will be submitted to CMT and the Executive at the end of January. However, in the meantime, the table below sets our predicted scores for all elements of the CPA and indicates that we are on track to achieve a score of 3 (good) for February 2008.

Predicted CPA scorecard (February 2007)

Category		2006	2007	Notes
Corporate Rating		3	3	This may change after initial self-assessment has been reviewed.
Direction of Travel		'Improving adequately'	Assessment not finished	
Level 1	Children & Young People	4	4	via OFSTED and CSCI
	Adult Social Care	3	3	via CSCI
	Use of Resources	2	3	via Audit Commission.
Level 2	Benefits	3	3	Via benefits Fraud Inspection (BFI)
	Culture	2	2	Cultural Services inspection – 2 PIs – 2
	Environment	3	3	Waste Management inspection – 2 PIs – 3
	Housing	2	2	Supporting People Inspection – 2 Housing Management PIs – 2 Community Housing PIs – 2
Council Rating		3 star	3 star	

Local Public Service Agreement (LPSA2)

21 Predictions of stretch we are likely to achieve has shifted since monitor 1, with movement, both up and down, in respect of some targets (see annex 3). The majority of targets, specifically those not held in LCCS, are due to complete in March 2008 and the picture presented here has a higher degree of accuracy than before. It shows strong

performance in a number of areas, many of which have seemed certain to attain their targets for some time now. Most notable relate to targets for reducing crime, improving cleanliness and increasing recycling. Predictions at monitor 1 showed a clean sweep across those targets associated with community safety with the exception of violent crime. However, if we can maintain the present levels of performance, this too looks likely to achieve a paying proportion of the stretch. This will be very much dependant on the number of incidents recorded over the Christmas period.

- 22 Elsewhere, predictions of performance have slipped slightly from those previously presented, notably the take-up of benefits, which now seems unlikely to achieve any stretch. Similarly, the target associated with adult learners achieving an entry level 3 qualifications is still an unknown. In this area though, the remaining associated indicators, relating to level 1 and 2 qualifications and the completion of learning programmes through the library, are cautiously predicted to remain on track to achieve at least 60% of their stretch.
- 23 With 3 months to go before the conclusion of the majority of targets, the projected achievement of reward grant is £2.13 million, approximately 58% of the overall fund available. If accurate and after all calls have been made on the award, including the repayment of Venture Fund and the rewards to target holders for achieving stretch, the residual grant left over will be approximately £850k. The Executive has approved (in principle) to use the residual reward grant to support LAA target improvement areas. However, further decisions on its specific use would have to be considered in the context of the council's wider budget process.

Customer First Statistics

- 24 The majority of our customer first results for April to June show high levels of performance across the different standards (see Annex 4). There were however, a few exceptions to highlight, some of which are being addressed corporately, or dealt with by the directorate responsible:
- The number of stage 2 complaints dealt with within 10 days is currently running at 95% across the council. The main bulk of the letters have been processed in HASS, where response times have increase 6% on the same period last year. Response times for stage 3 complaints has also improved, with corporate performance levels running at 93% - a significant improvement on the 43% achieved in the same period last year.
 - The corporate figures for the number of telephone calls answered within 20 seconds has dropped by 2% (91% compared to 93% for the same period last year). This has been brought down by the York Customer Centre, which is currently answering 82% within the time limit. This is however, still quite an improvement, as many of the calls received from customers are being dealt with by the YCC, rather than signposting them to other areas of the council. The Centre is now dealing with a quarter of all calls made to the council.

Financial performance - corporate overview

- 25 Table 1 summarises the information presented to the individual EMAPs. It shows that mainly because of one-off reductions in expenditure the projected out-turn is an underspend of around £2.9m. Within the one-off reductions £1.4m has clearly been identified as slippage due to project delays where the resources will be needed in 2008/09, including £261k on the replacement FMS project, both within finance and in ITT, and £986k on easy@york. A further £1.8m has arisen due to the improved position

on interest rates and the ability to defer borrowing (see paragraph 42), and £0.6m on other central budgets. The budgets for the latter two have been re-based and the reduced need has been built in the budget proposals for 2008/09 currently being built-up. Without these three items the forecast would have been an overspend of £934k. The implications of service pressures within the directorates is shown on Table 1 at a cost of £6.2m on the non Dedicated Schools Grant (DSG) functions. The recurring overspends and reduced costs/additional income are also being included within budget proposals for 2008/09

- 26 There is an underspend of £32k on the DSG functions, however, under the terms and conditions of the DSG any in-year underspend must be carried forward to be added to next year's DSG allocation, any overspend can only either be funded from the general fund or carried forward and deducted from the following financial year's DSG. The proposal is to take the latter course of action should an overspend occur.
- 27 The overspend on general fund services includes four principle elements:
- increased service expenditure pressures (either increased expenditure or reduced income) +£6,157k;
 - reduced service costs (either reduced expenditure or increased income) -£6,695k;
 - variations in central budgets controlled by the Executive -£2,749k
 - non-receipt of a profit from trading activity +£386k.
- 28 Of the reduced service costs and action agreed at the EMAPs a proportion comes from underspends on budgets where the spend will not occur until 2008/09 (e.g. on the FMS replacement project and on easy@york), and a request will be made to carry these budgets forward at the end of the financial year.
- 29 While the projected out-turn is close to the budget this is due to a number of one-off occurrences, which mask the true financial position of the authority. In overall terms the council faces a number of on-going budget pressures and future budget rounds will need to identify appropriate actions to control and mitigate them. The use of reserves to plug such gaps is unsustainable as it merely offsets problems and can lead to a continuing deterioration in the Council's underlying financial position. The Council's policy of only using one-off resources to meet one-off spending pressures is designed to explicitly negate such a risk.
- 30 .The HRA out-turn working balance is expected to be £5,577k, £64k less than the current budget. The trading activity of Neighbourhood Services is reporting a loss of £146k rather than the required profit for the year, but are continuing to look for action that can be taken to improve the position. This forecast loss is shown in two ways in this report. Firstly the removal of the expected profit (£386k) is included as a forecast overspend on Table 1. Secondly the loss of £146k is being shown in Annex 12 as a charge against the Trading Activities Reserve.
- 31 The level of total reserves reported at Annex 12 is currently projected to be £9,898k at 31 March 2008. However, any overspend will reduce the overall level of reserves, and requests to carry resources forward from underspends during the year will also reduce the future level. The minimum level recommended by the CPA is £5,201k.

32 In addition the report also provides:

- An update on the achievements of growth items and efficiency savings incorporated into the 2007/08 budget.
- Requests for virements and supplementary estimates.

The General Fund

- 33 The General Fund net expenditure budget for 2007/08 was originally set at £105,088k, (£103,226k after the use of balances and reserves). Members have approved transfers between the profit expected from trading activities of Neighbourhood Services and general fund services and also various other increased budgets, utilising reserves. The net effect of these changes has been to increase the net expenditure budget to £107,457k, and the details are shown at Annex 5.
- 34 A comprehensive breakdown of the projected position on the General Fund is shown in Table 1. Key parts of this are explained in paragraphs 60 to 78 and more detailed information is available in individual EMAP reports. An analysis of the key items which comprise current under and overspends for the Treasury Management activity is shown at Annex 6 and those for central services are in Annex 7.
- 35 Some of the underspending areas identified in the EMAP reports are delays in projects or deferral of expenditure (e.g. project slippage within the Resources area on the replacement FMS project and easy@york), and a request will be made to carry these resources forward into the next financial year. The reported position is therefore distorted by these amounts. Full details of the causes of the service variations were outlined in the individual EMAP reports and the overall financial position is summarised in Table 1 on the next page.
- 36 As can be seen from Table 1 the increased spending pressures in service areas amount to £6,157k, with a further £421k on centrally controlled budgets. Wherever possible Departmental Management Teams/EMAPs have identified savings and action that can be taken to reduce the net effect of these pressures. These together with the delayed/slipped projects where requests will be made to carry the resources forward total £6,695k, producing a net underspend on services in the year of £538k. It should be noted that without the underspend on projects this would actually be a net overspend of £547k. These increased service net costs have been more than matched by projected savings on centrally controlled budgets, a large proportion of which is due to the improved position on interest rates and the ability to defer borrowing (see paragraph 42). However, the 'savings' on both departmental and central budgets are to a large extent one-off and mask the true financial pressures facing the Council, which will need to be addressed as part of future budget processes.

Table 1 - Summary of Budgets and Variations

	Currently Approved Budget				Variances				Projected Out-turn £000
	Gross Exp.	Notional Interest	Income	Net Budget	Over-spends Identified	Under-spends Identified	Out-turn to Net Budget		
	£000	£000	£000	£000	£000	£000	£000	%	
Service Area									
Children's Services (non DSG)	66,435	4,733	(45,557)	25,611	+810	-358	+452	1.8	26,063
Leisure and Culture	12,186	1,715	(4,346)	9,555	+259	-176	+83	0.9	9,638
Economic Development	5,459	180	(3,375)	2,264	+57	-48	+9	0.4	2,273
City Strategy	30,809	3,105	(19,236)	14,678	+1,348	-1,095	+253	1.7	14,931
Neighbourhood Services	20,658	457	(6,699)	14,416	+245	-293	-48	0.3	14,368
Chief Executive's Department	9,791	-	(4,605)	5,186	+345	-304	+41	0.8	5,227
Resources	64,225	2,207	(61,399)	5,033	+1,687	-3,238	-1,551	30.8	3,482
Housing General Fund	11,295	52	(10,054)	1,293	+61	-76	-15	1.2	1,278
Adult Social Services	57,530	645	(23,985)	34,190	+1,345	-1,107	+238	0.7	34,428
Total of Service Areas	278,388	13,094	(179,256)	112,226	+6,157	-6,695	-538	0.5	111,688
Centrally Held Budgets									
Notional Interest	-	(13,094)	-	(13,094)	-	-	-	-	(13,094)
Contribution from Cap Fin Acct	-	-	(5,669)	(5,669)	-	-	-	-	(5,669)
Treasury Management	10,983	-	(3,576)	7,407	-	-1,756	-1,756	23.7	5,651
Other Central Budgets	6,187	-	-	6,187	+235	-878	-643	10.4	5,544
General Contingency ¹	400	-	-	400	-350	-	-350	87.5	50
Non availability of Trading Profit	-	-	-	-	+386	-	+386	N/A	386
Non DSG General Fund Total	295,958	-	(188,501)	107,457	+6,428	-9,329	-2,901	2.7	104,556
Children's Services (DSG)	83,835	-	(83,835)	-	+356	-388	-32	N/A	(32)
General Fund Total	379,793	-	(272,336)	107,457	+6,784	-9,717	-2,933	2.7	104,524

¹ The forecast includes the bid for release of sums for supplementary requests

- 37 The 2007/08 budget included £3,725k for expenditure on growth items and £4,417k of budget/efficiency savings and with very few exceptions they are all being achieved. Where problems are being encountered these were highlighted in relevant EMAP reports. The growth items are set out in Annex 8, but all are on target to be delivered.
- 38 The variations reported on budget/efficiency savings items are set out in Annex 9 and include:
- Children's Services (general fund services) - saving on the cost of home to school transport of £70k unlikely to be achieved and only £55k of the management challenge saving is likely to be delivered.
 - Leisure and Culture - additional income generation of £5k at the library service is unlikely to be achieved.
 - City Strategy - the savings proposal to maximise commercial opportunities (£100k) has been deferred until April 2008 and the income from charging for pre-application advice in development control (£30k) has been reduced by half due to delays in getting the scheme in place.
 - Neighbourhood Services - two savings on the general fund side are not expected to be achievable, but both have been replaced with savings on utility and repairs budgets, and a third is only partially being achieved, but this one is being offset by an alternative vacancy saving. On the traded activity side three of the savings will be only be partially delivered.
 - Chief Executive's - two proposals are unlikely to be achieved; the income from sponsoring city boundary signs (£20k), although work is still being undertaken on this, and saving on the cost of stress counselling (£8k).
 - Resources - the savings in the public services area (£75k) is not achievable due to a delay in transferring the function fully into the customer centre. It will be delivered in 2008/09. Also a saving of £45k in administrative accommodation rent savings will not be achieved.
 - Adult Social Services - the saving of £21.4k on learning disabilities services are unlikely to be achieved.
 - Children's Services (dedicated schools grant services) - all savings are on target except for the £14k saving expected from reduced provision of home tuition and £46k from a reduction to the learning support assistant's budget.

Centrally Held Budgets

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

Notional Interest Income

- 40 This budget matches the notional interest charged to the service revenue accounts. The notional interest charge must be excluded from the service expenditure when presenting the overall Council's Statement of Accounts. In order to show Members the effect of this the two sides of the notional interest are shown in Table 1.

Contribution from Capital Finance Account

- 41 This budget represents the use of money held in the Capital Financing Account to match the depreciation charged to the service accounts. This is in accordance with the Accounting Code of Practice.

Treasury Management

- 42 The Capital and Treasury Management part of Strategic Finance are currently predicting that treasury management will produce a surplus (underspend) of £1,756k. This is mainly due to three key events: a delay in borrowing due to the high cost of borrowing which has been made possible by strong cash-flows (£294k); interest earned on higher average balances than anticipated (£872k); and an overall increase in interest rates throughout the year is projected to contribute additional interest income (£423k). Annex 6 shows the key variances that contribute to this surplus.
- 43 The projections are based on the best advice, but money markets are volatile and cash balances change rapidly so these predictions should be treated with caution. Each 0.25% change in interest rates will mean a change in the return on investments of approximately £50k per annum. It is worth noting that the current structure of Council borrowing and investments means that high interest rates are, at present, beneficial to the Council.
- 44 The recent turmoil in the money markets has resulted in higher than expected returns on the Council's investments by taking advantage of the high rates offered by institutions. The Council is restricted to the type of institutions that it can invest with, the level of that investment and period over which it can place an investment. The restrictions are based on the credit ratings from the credit rating agencies and interpreted by Sector, our Treasury Management Advisors.

Other Central Budgets

- 45 These budgets cover a variety of funding held centrally and details are shown at Annex 7. The majority of the budgets are for contractual purposes and will be fully required.
- 46 The projection on redundancies and pensions currently shows an overspend of £7k. This has been prepared using information on all known redundancy situations for the remainder of the year, most of which have arisen from 2007/08 budget savings and changing rolls within schools. Table 2 below gives the details. However, should there be further restructures during the remainder of the financial year the cost pressures will increase.

Table 2 - Details of Redundancies and Early Retirement Costs

	£(000)	£(000)
Annual charges for prior year retirements		711
Non-Schools		
Redundancy payments (including retirements)	283	
Early retirements	140	423
Schools		
Redundancy payments (including retirements)	410	
Early retirements	49	459
Administration charge		29
TOTAL		1,622

- 47 Members were promised an update in all monitoring reports of the value of NNDR rate refunds following successful appeals. The refunds received to date, after deducting all fees due to the Council's agents and the fee expected to be paid to property services, is £200k. It is projected that this may increase to £300k by 31 March 2008, and the latter figure has been included in Annex 12.

Job Evaluation

- 48 The current position on both Job Evaluation and Equal Pay (including the financial costings) is set out in Annex 14. As was reported in the first monitor the expected cost of the project in this financial year is likely to be £750k of which one-off funding totalling £656k is already available. The Executive is asked to approve the transfer of the remaining £94k from the recurring base budget to the project costs as a one-off adjustment in this financial year.

General Contingency and Supplementary Estimate Requests

- 49 Contingency funding amounting to £600k was set aside in the budget process. As detailed in Annex 10 supplementary estimates approved to date amount to £200k leaving £400k. As set out in paragraph 66 the Executive Member for City Strategy is again requesting the release of £200k from the contingency to fund part of the increased cost of Concessionary Fares. In considering these requests due regard must be given to other areas of pressure, which were identified during the budget process as potentially needing funding from the contingency and where there is still a possibility that additional funding may be needed. Annex 10 includes these items and the likely future requirements for additional funding in these areas. Also the sum identified for voluntary early retirement and redundancy costs has also been declared at nil as any additional costs in the year will be one-off not recurring. The annex shows that if all of these potential demands do materialise the amount now projected to be called down from the contingency fund will total £450k, which will lead to an overspend of £150k.

Virements Requested

- 50 The Council's financial regulations require that any virements between service plan heads of more than £250k are agreed by the Executive as part of the budget monitoring report. There has been a requests from the Executive Member for Corporate Services to approve a virement of £295k from the ITT underspend to easy@york to fund the cost of enterprise licenses required to link existing council services with the new CRM and this is recommended for approval.
- 51 A consequence of the improved facilities at the EcoDepot is an increase in the internal rental charge made by Property Services to Neighbourhood Services of £295k pa. This charge will increase the income to the general fund which will need to be offset against the profit expected to be delivered by the trading activity of Neighbourhood Services. In addition the Executive are requested to approve the virement detailed in paragraph 48 for the job evaluation project costs. These virements can only be agreed by the Executive.

Reserves and Balances

- 52 Annex 12 shows the position on the General Fund reserve which, it is anticipated, will increase slightly from £7,702k at the start of the financial year to £7,846k by the end of the current financial year before taking account of those underspends where requests will be made for the release of funding in 2008/09. Once other reserves are taken into account the level of reserves for CPA purposes is forecast to stand at £9,898k. it

should be noted that while this is above the expected CPA target of £5,201k future potential demands have been identified which will reduce the available resources to around £1,771k by the end of 2009/10. There could be a further need to utilise some of these balances depending upon the outcome of current litigation and tribunals.

- 53 There have been no requests to utilise reserves to fund additional one-off costs in the second monitoring reports.
- 54 Members are reminded that balances are not normally used to fund recurring expenditure and any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund current year overspends or new investment in future years. Using balances to fund recurring expenditure creates funding problems in future years, as the resources will no longer exist, but the expenditure will.

Monitoring Level of Debts

- 55 There are three main areas of income to the Council where it is important that Members are kept informed of the level of the debt, the movement from the beginning of the year, and the likely position at the end of the year. In all cases the Council makes provision for non-collection of the debt, and the level of this is also monitored. The three areas are housing rents, collection fund (both council tax and business rates) and sundry debts.
- 56 Table 3 sets out a summary of the information on these sources of income, with some further explanatory notes below.

Table 3 - Information on the Main Income Sources to the Council

	Housing Rents	Council Tax	NNDR	Sundry Debts
Arrears at 31 March 2007		£5,741k	£3,178k	£2,707
current tenants	£712k			
previous tenants	£811k			
Provision for bad/doubtful debts at 31 March 2007	£1,213k	£3,126k	£1,469k	£525k
Value of debts written off so far in 2007/08	£80k	£190k	-£57k	£40k
Current value of prior year arrears	See section below	£4,788k	£2,472k	£1,184k
Estimated accounts to be raised in 2007/08	£23,596k	£73,964k	£79,306k	£62,322
Accounts raised to end of November 2007		£548k	£462k	£20,774k
% collected to end of November	See section below	75.96%	80.20%	96%
Target % to be collected in year	97.86%	97.2%	98.9%	95%
Arrears of in-year debt at end of November	See section below	£2,281k	£1,827k	£255k

57 Housing Rents

- 57.1 As rents are a weekly charge, arrears are not separately identified into account years. It is therefore not possible to show the current position on collecting prior year arrears.
- 57.2 Percentage of rent collected - the data is calculated annually at the year-end. In 2006/07 97.46% was collected; the target for 2007/08 is 97.86%
- 57.3 Rent arrears as a proportion of the rent roll - year to date 3.61% (6.24% was the 2006/07 out-turn and the target for 2007/08 is 2.05%). These figures include the arrears figures for former tenants.
- 57.4 Rent income lost through voids - year to date 0.56% (1.04% was the 2006/07 out-turn and the target for 2007/08 is 0.9%).
- 57.5 The rent arrears at 31 March 2007 were £54k less than at 31 March 2006.

58 Collection Fund (Council Tax and NNDR)

- 58.1 The collection of in-year Council Tax accounts at the end of November is 0.3% ahead of the same position in 2006/07. An internal target has been set to reduce prior year debt by 55%, and would expect that the level of prior year arrears would be around £3.12m. The current position of £3.79m is a slight shortfall but action continues to be taken to address this. Between April 1996 and March 2007 the total value of Council Tax bills raised was £555.005m, against which write-offs so far total £1.710m. With current arrears at £3.788m this gives an overall collection rate to date of 99.01%.
- 58.2 The Council raises accounts for and collects the income due on NNDR on behalf of the government. The collection of in-year NNDR accounts at the end of November is 0.4% ahead of the same position in 2006/07. The position on both current accounts and prior years are prone to fluctuation due to the likelihood of large, and often retrospective, rateable value adjustments issued by the District Valuer. Between April 1996 and March 2007 the total value of NNDR accounts raised was £629.317m, against which write-offs so far total £1.641m. With current arrears at £2.472m this gives an overall collection rate to date of 99.35%.
- 58.3 Action taken to improve the position on this service area includes telephone sign-up for direct debits for Council Tax, which went live in July. Between mid-July and October we have signed up 280 new customers. The direct debit take-up for Council tax is now just under 66%, an increase of 1% over the same period last year. Increased direct debits help to improve the collection rate. For NNDR all backlogs of work and valuation changes were cleared in the last financial year, which means that bill and payment queries are resolved promptly, which again helps achieve effective recovery.

59 Sundry Debts

- 59.1 This section includes the miscellaneous debt raised and collected by the Council. It includes such varied income sources as commercial property rental, housing repairs, commercial waste collection, pest control and other fees and charges.
- 59.2 Unlike the other income the total to be raised will vary from year to year, and is not dependant on annual sums due in the same way that housing rents, council tax and NNDR are.
- 59.3 A debt recovery officer has been appointed to ensure that debt is recovered as expediently as possible. During the last six months arrangements have been set

up to recover over £142k of debt, including housing benefits overpayments and council tax as well as sundry debts. At the same time the officer has identified £110k of new liabilities for NNDR, which initially benefits the Council in terms of cash-flow, but long-term will be paid to the government.

Cost to the Council of the Level of Arrears

- 60 It is difficult to put a precise figure on the cost of arrears as at any time there are both arrears and prepayments, or refunds due, on all types of income. Also, with annual billing for council tax and NNDR for example, the level of debt recorded is not necessarily due for immediate payment. However, simply using the expected recoverable level of arrears at 31 March 2007 and a notional cost of borrowing at 6.5% would give an annual cost of £443k.

Key Performance Issues from Directorates

- 61 To help support an effective debate at the monitor session, directorates produced a balanced scorecard showing headlines from three areas of their service performance:
- progress on delivering the key actions to support our corporate priorities and imperatives, or any other high profile actions the directorate is delivering.
 - headlines on key performance indicators that are corporately significant (i.e. they support corporate priorities, LPSA, CPA, etc).
 - headlines on resources management (i.e. budget and staff management)
- 62 The full scorecards can be found on the council's intranet, but the key points are set out below.

Learning Culture & Children's

- 63 Service improvement and key actions:

63.1 *Healthy children:* the % of 5-16 year olds participating in an average of 2 hours high quality physical education and school sport per week has risen sharply to 90%. This is a major improvement on the 62% in 2005/06. It also exceeds the very challenging 2007/08 target of 85% and secures the council £65,000 worth of reward grant for achieving 100% performance stretch for LPSA2. This also helps to improve the number of York's schools who are achieving the healthy schools standard, which has increased by 8 percentage points (now at 74% compared to 66% in 2006/07). There are only six other local authorities in the country achieving a higher rate of success and we are now the 2nd highest performer in the Yorkshire & Humber region.

63.2 *Attainment:* York's provisional key stage 4 results for 2007 have been confirmed at 67.1%. This demonstrates an extremely good trend for 5 A*-C grades at GCSE and represents a 6% improvement on last year's results. York is now 4% above the comparative early national results and has moved up to 12th in the national rankings. Other, more specific attainment results to note where significant percentage point improvements were made are:

- the % of pupils achieving 5 A*s in their GCSEs, which increased to 25% from 21% achieved in 2006/07.
- the % of KS2 pupils achieving level 4 their Science test, which increased to 90% from 86% achieved in 2006/07.
- the % of pupils achieving level 5 or above in KS3 ICT, which increased to 84% from 80% achieved in 2006/07.

- 63.3 *Education capital projects:* York High opened in September 2007 on the Lowfield school site. Final design is now nearing completion for the Oaklands site building and the manor school and Joseph Rowntree developments are progressing well. The Danesgate Skills Centre will be operational from January 2008.
- 63.4 *Children Centres:* There is requirement that York has 8 accredited Children's Centres by April 2008. Two centres have already been formally accredited and 4 of the remaining 6 sites are due to be completed by the April 2008 target date. Although this could be seen as slippage, this has become common across the country and York is actually ahead of most other local authorities.
- 63.5 *Environmental education:* The number of schools taking part in the council's environmental education programme has now increased to 28% (from 23% in 2006/07).
- 63.6 *School meals:* the % of primary school children taking a school meal has dropped to just over 31%, after an initial increase in quarter 1. This represents a gradual declining trend since 2003/04 when over 38% were eating school meals. It should be noted that the government are introducing a new National Performance Indicator on school meal take up from April 2008.
- 63.7 *CLA:* The % of Looked After Children (CLA) in long-term placement stability is currently running at 61.5%, just above last year's outturn of 57%, but well below the 2007/08 target of 77%. It therefore looks likely that we will not return to the levels achieved in 2005/06 when performance was running at nearly 74%.
- 63.8 *Museums & Galleries:* Visits/usages (in person) to museums and galleries per 1000 population continues to increase on what is already top quartile performance. The figure for the first 7 months of 2007/08 is 2830, which already exceeds the 2006/07 level of 2716. To put this into context, visits have increase by nearly 60% since 2003/04 and we are now the 5th highest performing unitary authority.
- 64 Resource management:
- 64.1 Staff sickness levels in LCCS are running at 3.61 days per FTE for April to October (7 months). This is much lower than 2006/07 levels for this period, which was 4.4 days per FTE. The main reason for the improvement is a 32% reduction in long-term sickness, which is currently running at 1.46 days. LCCS expect to make substantial improvements on the year end sickness figures, which should help to bring down the council's overall total – given the large number of staff covered in this directorate.
- 64.2 The majority of the Children's Services budget is funded from the ring-fenced Dedicated Schools Grant (DSG). The current projection is that this area will underspend by £32k, an improvement of £178k from the position reported in the first monitor. The major change is a reduction of £182k on increased demand being experienced within the Nursery Education Grant budget following successful negotiations with the DCSF to allow some of the pathfinder grant to be used to support the base budget pressure. Under the terms of the DSG any overspend either have to be funded by a contribution from the Council's general fund in the year, or carried forward and funded from the following year's DSG. The latter process will be followed if there is an overspend at the end of the year. An underspend has to be carried forward.
- 64.3 The general fund areas of Children's Services are projecting an overspend of £452k after mitigating action is taken to hold back expenditure or redirect resources amounting to £307k. This is a worse position than that shown in

monitor 1 of £81k. The major areas contributing to the overspend are home to school transport (£186k) which has increased by £40k from the first monitor and independent fostering agency fees (£185k). The fostering agency fees have increased due to a significant increase in the number of children looked after, up to 160 earlier in the year. Other significant cost pressures include expenditure on children's social care legal fees and a shortfall in the level of income being generated within the music service.

- 64.4 Officers are continuing to work to identify further savings to bridge the remaining budget gap before the end of the financial year. This will include reviewing the charging structures within the music service, exploring further options to charge more current general fund expenditure to the schools budget, particularly around SEN transport costs. Finally officers are reviewing whether savings options being developed as part of the 2008/09 budget process could be implemented prior to 1 April 2008.
- 64.5 Leisure and Culture are projecting a net overspend of £83k, after action is being taken to contain £78k of current overspend within existing resources. This is an improvement from the first monitor position of £104k. Mitigating action, including keeping posts vacant on a short term basis following the recent libraries restructure and an improved position at Yearsley Pool have been partly offset by unbudgeted costs due to the delayed handover of the Barbican Centre that were not reported in the first monitor. Again officers are continuing to work to identify further savings to bridge the remaining budget gap before the end of the financial year, including reviewing whether savings options being developed as part of the 2008/09 budget process could be implemented prior to 1 April 2008.

City Strategy

65 Service improvement and key actions:

- 65.1 *Economy:* York's unemployment rate is now running at 1.15% below the national average and 1.52% below the regional rate. Business confidence is also increasing markedly with the number of York based companies who are expecting turnover to rise rather than fall in future has risen sharply to 31% (compared to 24% in 2006/07). This is well in excess of the 2007/08 target, which predicted a downturn in confidence at just 20%.
- 65.2 *Road safety:* Although the number of people killed or seriously injured in road traffic accidents in and around York has not been formally announced yet, early indications show that we will be well in excess of both our own 2007/08 target of '95' and the LPSA stretch target of '85'. As a result, we will miss out on £330,000 of reward grant.
- 65.3 *Brownfield site development:* The % of new homes built on previously developed land is currently running at 94.8%. This equates to 237 out of 250 new homes and is much higher than the same period last year, which stood at 93.8%. This moves us from 2nd to 1st quartile and exceeds the government's target of 65%. This performance has been achieved due to a large number of applications for Brownfield site development. However, in future years we will perform closer to government target levels as a result of consent being given to a large number of Greenfield sites. This may move us back down to 3rd or 4th quartile performance, although there may be a national trend in Greenfield development, which could affect comparative performance thresholds.

65.4 *Bus patronage:* The number of passenger journeys on local bus services has increased significantly and is currently on target to hit 16.7m by the end of the year - a 1.6m (or 10%) increase the 15.1m passengers achieved in 2006/07.

65.5 *Streetlight repairs:* The average time taken to repair streetlights is currently running at 5.12 days. This is well above the 2007/08 target of 1.9 days and much higher than the 0.64 days achieved in 2006/07. The are two main reasons for this:

- The cyclical burn to extinction arrangements, which have been in place for a number of years now, are coming to an end. This has increased the number of faults reported and, as a result, has extended the average response time. New cyclical maintenance arrangements for cleaning lights and changing bulbs have been introduced, which should start to reduce the average response time. A quarter of the streetlights are now cleaned (with bulbs changed) each year, ensuring that all lights are maintained once every 4 years.
- Some of the faults being logged have been difficult to detect during day-light hours and have been refereed to the night-scouting team. In addition, it is often difficult to repair city centre streetlights in the day-time, due to the high volume of pedestrians and vehicles. Both these issues have led to an extended response time. Night-time repair arrangements are expensive, but this is being looked at as a way to deal with the backlog.

As a result of these actions, and an increase in resources by the contractor, it should be possible to bring the average repair time down to the target level of 1.9 days before the end of the financial year.

65.6 *Planning applications:* The % of major planning applications processed within 13 weeks is currently running at 69%. A fairly noticeable drop on the 84% achieved in 2006/07. This is however, still above the government target of 65% and should be considered in the context of continuing high levels of performance for processing minor/other applications. The main reasons for the drop is an increase in major applications received and the loss of experience staff to other authorities.

65.6 *Community Involvement in planning:* In August City Strategy produced a SCI (Statement of Community Involvement), which set out the standards for involving the local community in the production of documents and decisions on planning applications. This statement has recently been evaluated as 'sound' by an independent inspector and this was successfully adopted as part of the Local Development Framework at the end of November 2007.

66 Resource management:

66.1 Staff sickness levels are have reduced on the same period last year (running at 5.23 days per FTE for quarter 2, compared to 6.23 days in 2006/07). Long-term sickness has increased slightly across the directorate, whilst stress related sickness has reduced.

66.2 The biggest individual pressure facing the City Strategy directorate is that relating to Concessionary Fares, which are projected to overspend by £740k. This is due to a number of factors, the principal ones being the unfunded costs arising from the appeal decision during 2006/07 and a further anticipated 20% growth in the number of journeys. The additional costs are partially offset by reduced spend on travel tokens amounting to £100k. A supplementary request was submitted for £200k to meet these additional costs as part of the first monitor report, but

approval was deferred pending receiving a response from the government on the lack of funding provided. No written response has yet been received, and the request for a supplementary request has been re-submitted.

- 66.3 Other expenditure/income variations include shortfall in parking fines of £160k and in park and ride income of £100k offset by staff vacancies across the directorate totalling £297k, reduced parking operational budgets £56k and additional parking income of £44k. If the supplementary request is approved the projections are still that there will be an overspend of £53k, this is after deferring expenditure of £370k on highway maintenance until the financial position is more certain. If the budget position improves, e.g. there is additional income or reduced concessionary fare liability, then the schemes will be released and completed during the financial year.
- 66.4 In the Economic Development area Markets income continues to be a problem and further initiatives are being taken to reduce the problem, also costs have been incurred on Future York. These increased pressures have been offset by one-off savings that have resulted from staffing savings and additional income in other areas.

Neighbourhood Services

67 Service improvement and key actions:

67.1 *Community safety:* March 2008 is the end of the 3-year Community Safety Plan period, when the targets set by the home office will reach a conclusion. An extremely challenging target was set to reduce overall crime in the city by 24%. Current forecasts are that we will achieve a 37% fall in crime over the 3 year period, exceeding the target by a significant amount. To put this achievement into context, there were nearly 18,000 crimes in 2004/05 and our target for 2007/08 was 13,600 crimes or less. Current forecasts predict that we will end up with around 11,300 crimes this year. Other headline results for this monitor include:

- The % of illegal alcohol sales identified by the Test Purchase Programme has decreased. The figure for April 2006 to October 2007 stands at a rolling average of 11.1%, compared to 12.1% in 2006/07 and 17% in 2004/05. This is an LPSA2 indicator and current performance levels indicate that we could achieve close to full stretch against the 10% target set. If achieved, this would secure a £100,000 of reward grant.
- 'Vehicle interference' and 'theft from a vehicle' incidents continue to drop sharply and are now running around 20-40% lower than levels experienced last year.
- Last monitor we reported high cycle theft rates, with a much higher than usual number of thefts reported over the first 4 months of 2007/08. August to October incidents are much lower than normal (just 278 thefts compared to 370 in the same period last year). This now brings us back on target to achieve similar or slightly lower results to 2006/07.
- Burglaries and violent crime incidents are also forecasting much lower levels compared to 2006/07.

67.2 *Cleaner Streets:* Our flagship measures on cleanliness show some very encouraging results from our in-year street surveys:

- the % of land and highways with unacceptable levels of litter/detritus stands at 8% after 2 out of the annual 3 surveys have been completed. This

compares extremely well with the 2006/07 result of 19%. Although Neighbourhood Services are still predicting a final outturn of over 10%, if we did achieve 8% or less, this would move us from 4th to top quartile in terms of unitary comparative performance. It should also be noted that this is an LPSA2 indicator, which looks likely to achieve its full performance stretch and bring in a reward grant of £262,000.

- graffiti levels are at 3% (compared to 6% last year) and fly-posting is at 0%. Again, if this level of cleanliness were maintained for the other 2 in-year surveys, this would place us in the unitary authority's second and top quartiles respectively. While the graffiti fail rate has dropped, the proportion of sites where there is some graffiti has almost doubled between the autumn 2006 and 2007 surveys. A task group with NY Police is working on improving our performance on removing and proactively reducing graffiti.
- the average time taken to remove fly-tips has dropped slightly to 1.46 days from 1.7 days achieved in 2006/07. This is now well in excess of the 2 days standard target.

67.3 *Recycling & Landfill:* Waste recycling levels continued to increase in the first half of this year, with over 47% of waste currently being sent for recycling or composting compared to 39.9% in 2006/07. The rate is expected to reduce slightly over the next few months, but a year-end recycle rate of 42% is still expected. As expected, the tonnage of waste landfilled has continued to decline, but perhaps more surprisingly, the level of waste collected per household has also started to decline for the first time in many years. At the current rate of collection we expect to collect 524kgs per head of population, compared to the 538kgs collected in 2006/07. It is also well below the 540kgs target set for 2007/08. The reduction in landfill will continue to have a positive impact on the council's financial position, by avoiding the government's LATs charges.

67.4 *Bin collection:* Missed bin collections per 100,000 population stands at '55' for the first 6 months of this year, which is a 29% improvement on the rate achieved in 2006/07. Two-way communication arrangements with refuse crews and improved working processes should reduce missed bin occurrences significantly and Neighbourhood Services are still predicting to achieve this year's target of 'less than 60'. Members should note that if this is achieved, it would be a major improvement on 2005/06 outturn of '97.5'. The % of missed bins put right by the next day is currently to 64%, compared to 58% achieved in 2006/07. 99.4% of missed bins were put right the next day during October and November 2007, and Neighbourhood Services are predicting that we will improve further to 85% by the end of the year.

68 Resource management:

68.1 Staff sickness in Neighbourhood Services continues to be a problem, with 9.52 days per FTE being reported in April - October of this year – higher than the 7.67 days reported for the same period last year. Long-term sickness and stress related absence have also increased on the same period last year. Whilst this may indicate that staff sickness levels will increase on last year, The directorate management team continue to invest significant time in managing sickness absence and are hopeful that they will improve on last year's outturn.

68.2 After a poor first quarter in which Neighbourhood Services suffered 12 RIDDOR reportable accidents, the directorate has had 7 in the next 4 months. Improving our health & safety culture is a directorate priority. A H&S improvement plan has been developed to help maintain a focus on key improvement work.

69 *General Fund Services*

The overall departmental position is a projected net general fund underspend of £48k, mainly due to one-off variations in staffing costs against budgets.

70 *Trading Activity*

The trading accounts are forecast to achieve a deficit of £146k against a revised target of £386k. The main reasons for the shortfall are that the building maintenance section is currently experiencing reduced income from both external and internal clients, in addition it is unlikely that the saving target from implementing the new structure (up to a shortfall of £78k) will be achieved. An action plan has been developed for the remainder of the financial year to mitigate the losses experienced to date, although it is expected that the account will remain in deficit at the year end. The civil engineering section is expected to produce a surplus at the year end, but lower than originally forecast. This is mainly due to a reduction in work available in Highways. It should be noted that this account is difficult to forecast because works are not cyclical and are subject to unforeseen circumstances, such as bad weather. The cleaning service is forecast to make a loss in the year, principally due to the savings expected to be delivered through a revised school cleaning contract (£120k) not being achieved. The latter service is currently under review and officers met during September to review the rates and service provision. Schools have been approached to discuss revised charge out rates, but any agreement will not be effective until towards the end of the financial year, and there will still be an overspend in 2007/08. The first call for any shortfall against the targeted profit would be against trading services reserves, which are currently £300k, any further loss would have to be met from the general fund.

Housing and Adult Social Services

71 Service improvement and key actions:

71.1 *Housing repairs:* The % of urgent repairs carried out within the government's timescales is currently running at 88.23% and is forecast to achieve 90% for 2007/08. Although this will fall well short of the target set for the service of 98%, it is a substantial increase on the 84% achieved last year – and the 72% achieved in 2005/06. The average time taken to make non-urgent housing repairs has also improved slightly (currently 8.7 days compared to 9.7 days last year). The service has recognised that in order to move more towards the target of top quartile performance significant system changes are required and have initiated a repairs service review to facilitate this. This is also a CPA housing block indicator.

71.2 *Housing relets:* The council's housing relet times continue to improve with performance currently running at 19.8 days – a decrease of 4.2 days on the 2006/07 result and significantly lower than the 32 days achieved in 2005/06. This is top quartile and is also a housing block indicator for CPA.

71.3 *Affordable homes:* Building is underway on sites at 5th Avenue and Victoria way. A development partner for the three Discus Homes sites on has now been approved. This project will replace 100 non-decent bungalows with 60 new

bungalows, 40 extra care sheltered homes, 49 other affordable homes and 49 homes for sale on the open market. It will also bring in a significant capital receipt to the HRA budget.

- 71.4 *Homelessness:* Work has now started on the replacement for the Peasholme Hostel, which will provide improved facilities for residents and free up land needed for the Hungate development. CYC has recently been commended by the Department for Communities and Local Government for its work on prevention.
- 71.5 *Independent living:* Figures so far this year show a significant reduction in the number of people aged 65 or over per 1000 population who were helped to live at home. Mid-year figures stand at '76.7', with '78' forecast for the year-end outturn. This has fallen by 17% over the past 2 years, with '91.7' in 2005/06 and '86.5' last year. There has also been a similar reduction in the number of 18-64 year olds with mental health problems helped to live at home. The changes in relation to the tighter application of eligibility criteria will have an impact but they do not reflect the range of non-care managed provision that is made through HASS. For instance, the warden service has taken on over 200 extra customers since April this year. As the database for the new social care recording system becomes more established there may be some improvements to these figures by the end of the year.
- 71.6 *Direct payments:* The number of adult and older people receiving direct payments per 100,000 population has increased by 5% (currently 81 compared to 76.7 in 2006/07). The main reason for the increase is due to customers taking the option to retain their carers during 2006. In the near future, payments are expected to increase in relation to the younger age group taking up this option as Huntington Road and Yearsley facilities close.
- 71.7 *Framework system:* Implementation of phase 1 is now complete, but this has also led to a number of project staff leaving the council as the project nears its end (March 2008). This is causing problems for phase 2 and we have been unable to provide performance data for care assessment in Monitor 2. This should be rectified for the next corporate monitor.
- 72 Resource management:
- 72.1 Staff sickness absence levels in HASS are running at 8.75 days per FTE, which represents a fairly significant improvement on the 10.75 days achieved in the same period last year. Long-term sickness in particular has started to decline (currently 3.7 days compared to 6.3 days last year). Stress related sickness has also dropped sharply. This should reduce the overall year-end sickness fairly significantly for HASS, which was extremely high in 2006/07 at just over 21 days per FTE.
- 73 *General Fund Services*
- 73.1 The overall departmental position is a projected net general fund overspend of £223k (overspend of £238k on adult social services offset by underspend of £15k on housing general fund services). The Management Team will be working to bring the overall General Fund expenditure back within budget by the end of the year - which should be achievable given the low percentage of overall spend that the projected overspend represents. It is also worth noting that whilst the overall position is a significant improvement on the position in previous years, it is dependent on some areas under spending. Should these under spends not be achieved the departmental overspend could increase above the figures quoted

here. The budgets will continue to be monitored closely to identify any problems at an early stage.

- 73.2 However, the EMAP were advised of the continued pressures in Learning Disabilities due to the increase in both the number of customers (young people coming into adult services and older people living longer) and the complexity of their needs. This trend is set to continue for the foreseeable future and is a part of a national pattern (an 11% increase in the number of adults in England with a learning disability is expected in the period 2001 to 2021). Ways of accessing income from alternative sources, e.g. Independent Living Fund and NHS Continuing Care, are currently being used with some success by the learning disabilities team. However, it is very unlikely that this will bring the service back within its overall approved budget. The projected overspend on community support in this area is £526k.
- 73.3 For Housing General Fund services several small items of variations were identified, leading to a small underspend of £15k.

Housing Revenue Account (HRA)

- 73.4 The current forecasted position on the HRA is a projection for the working balance to be £5,577k at 31 March 2008. This is a small overspend of £64k from the budget for the year. The variances reported to the EMAP included underspends resulting from staffing shortages, savings from not having to fund a shortfall in supporting people income, and additional rent income offset by net additional expenditure on repairs and maintenance due to increased demand.
- 73.5 Members are reminded that it is illegal to budget for a deficit on the HRA and that the HRA is 'ring-fenced' so that any deficit cannot be made up by contributions from the general fund, nor can any surpluses be used to aid general fund services. Further, the District Auditor has highlighted that the HRA is vulnerable to changes in income and expenditure and without a surplus it is less able to meet unforeseen contingencies. He has recommended that the HRA be kept under review and that adequate cover against unforeseen contingencies is maintained.

Resources directorate

74 Service improvement and key actions:

- 74.1 *CPA Use of Resources:* The Audit Commission has provisionally announced that the council will be awarded a score of '3' (good) for the use of resources element of CPA. This moves us up from a '2', which we were given in 2006 and recognises a huge amount of work the directorate has completed to improve the council's financial management, reporting and decision making arrangements. This may also secure the council an overall score of 3 for the formal February CPA result (see para 16).
- 74.2 *Benefits:* The speed of processing 'new' housing and council tax benefit claims has improved again since monitor 1, with the average currently running at 30 days. This is already exceeding the 2007/08 target by 2 days and is an exceptional improvement on the 35 days achieved in 2006/07. It also moves us up from 3rd to 2nd quartile performance when compared to other unitary authorities. Unfortunately, the time taken to process change in circumstances for Housing and council tax benefits have increased slightly to 16 days - 1 day more than last year's performance and 2 days off our 2007/08 target. If maintained, it will also see us move from 2nd to 3rd quartile. Another cause for concern is the

% of housing benefit overpayments recovered, which currently stands at 58.3% compared to 70.3% achieved last year.

- 74.3 *CT & NNDR collection:* The % of Council Tax and Non-Domestic Rates collected in the period April to September was 57% and 62% respectively. These both exceed the staged target set for this point in the financial year and projections indicate that we are on track to hit our target collection rates of 97.2% (CT) and 97.9% (NNDR) by the end of the financial year. If achieved, this will bring in much needed financial resource for the current year budget. Members should also note that the number of e-payments of council tax (payment via our website, through automated telephone or via the York Customer Centre) is already exceeding the 2007/08 target of 4%.
- 74.4 *Building access:* Projects are now underway at the Guildhall, Acomb Library and the central library to increase public accessibility to these buildings. As a result, the total number of council buildings open to the public with access for disabled people is on course to achieve 85%, a 4% increase on last year's performance. Since 2005/06, when we had 72% of buildings accessible, our improvements have moved us well into the top quartile of unitary authorities. This is an excellent achievement given the difficulty of adapting most of York's council buildings.
- 74.5 *Pay & grading:* Although a large proportion of equal pay liabilities from the pay & grading review have been settled, the number of claims continues to increase. This has a financial risk to the council, and has caused delays to the job evaluation part of the review.
- 74.6 *Easy@york:* Since the successful implementation of the Revenues service in July, 72% of all their services are now dealt with entirely at the point of contact with the customer, with all the information automatically transferred to the back office system. These improvements will help support future improvement for BVPI 9 (% of Council tax collected). Work is underway to extend easy@york to housing benefits by April 2008.
- 74.7 *YCC:* The % of calls answered by the York Customer Centre within 20 seconds has nearly doubled since quarter 1 when just 49% of calls were answered. Improved training and a better allocation of staff to specific telephone calls has led to performance currently standing at 90%. This is particularly good given that the centre has widened the service areas it now takes direct calls for.
- 74.8 *FMS:* A full and comprehensive evaluation of tenders has now been completed for the replacement of the Council's financial management system (FMS). Once implementation starts, it is likely this project will have major resource implications across the authority.
- 74.9 *Hungate project:* The Admin accommodation project continues to run on target. Now that the design stage for Hungate is complete, planning approval will be finalised by January 2008.
- 75 Resource management:
- 75.1 Sickness absence levels in Resources are currently running slightly higher for the first 7 months of 2007/08 compared to the same period last year (5 days compared to 4.5 days). This is mainly a result of an increase in long-term sickness, which is currently running at just under 2 days per FTE compared to 1.3 days in the first 7 months of 2006/07.
- 75.2 Staff turnover has reduced significantly, currently standing at 5.5% up to the end of October. As a result, the outturn for 2007/08 is expected to be much lower than the 15.41% reported last year.

- 75.3 The headline underspend of £1,551k is larger than normally identified at this stage. However it includes an underspend of £986k on the easy@york first phase which officers are requesting be carried forward to be used for the second phase and £99k on financial services which is similarly subject to a request to be carried forward to deliver the FMS replacement project. This leaves the departmental underspend at £466k. This underspend is partly due to slippage in IT projects, but also is substantially due to improvements made in Revenues and Benefits, where significant additional income has been generated by reducing subsidy losses, increasing benefit overpayment recovery and other administrative improvements.
- 75.4 The turnaround time of new benefit claims has been reduced to its lowest level in anyone's memory. Despite positive performance in most areas the department as a whole is under significant pressure. There is an enormous volume of work, and many improvement projects to deliver. This will be set out clearly in the forthcoming Departmental Strategy, which will be ready early in 2008.
- 75.5 There are quite a few vacancies where it has been impossible to recruit staff, and a number of key senior staff, including two Assistant Directors, are leaving at Christmas. Urgent steps are being taken to make alternative interim arrangements to manage these service areas, whilst medium to longer term plans are being made on a wider corporate basis.
- 75.6 An additional problem is long-term sickness, which continues to grow. This is almost entirely due to long term hospitalisation and recuperation time for several officers. The Department is certainly facing the most significant volume and range of major illness requiring operations in more than a decade, and again this is putting extra pressure on most other staff, who are responding well to the challenge.
- 75.7 The main areas where there are overspends are in the audit and risk management section, due to additional costs of housing benefit investigations and the probability that there will be no dividend from the Yorkshire Purchasing Organisation, and in property services due to overspends on administrative accommodation and reduced income from asset and property management.

Chief Executive's

76 Service improvement and key actions:

- 76.1 *Disabilities & gender:* The number of people who work for that council with disabilities, who are in the top 5% of earners has increased to 3.76% (from 2.51% in 2006/07). This is particularly encouraging, as the number of council employees with disabilities has declined slightly. This result stands in contrast to the number of women employed by the council that are in the top 5% of earners has decreased slightly to 37.4% (from 39.3% in 2006/07). An ongoing re-assessment of the council's approach to equalities (mentioned in para 11) will help to improve equalities in the future, as will the work being carried out as part of the Pay & Grading Review.
- 76.2 *Health & Safety:* There were 9 RIDDOR accidents amongst council staff in quarter 2 of this year, compared to 23 in quarter 1. The cumulative total now stands at 32 for the first 6 months of 2007/08 and we may now hit our target of 59 accidents and improve on the 62 reported in 2006/07. This is particularly encouraging news as accident reporting was expected to increase is due to the introduction of a new Incident & Reporting and Investigation policy earlier in the year.

- 76.3 *Corporate Strategy*: The council's Organisational Effectiveness Programme (OEP) has now been realigned to support the refreshed corporate strategy and now incorporates areas of specific improvement, identified in the recent CPA corporate assessment exercise.
- 76.4 *Pay & grading*: Good progress is being made on this project, despite the complex legal requirements involved. The moderation of job evaluation scores has now been completed and a rank order of job grading structures has now been shared with Trade Unions. In addition, work to comply with equality legislation has also been reviewed and actions plans have been put in place to address any anomalies.
- 76.5 *CPA corporate assessment*: Excellent progress has been made on preparing the Council's CPA corporate self-assessment document since monitor 2. This has been underpinned by an extensive consultation and involvement exercise with partners, members and senior officers. The project is now on track to get member approval in time for the formal inspection process to start on the 28th January 2008.
- 77 Resource management:
- 77.1 Sickness absence levels in Chief Executive's are currently running significantly higher for the first 7 months of 2007/08 compared to the same period last year (4.1 days compared to 2.9 days per FTE). This is mainly a result of an increase in long-term sickness, which is currently running at just under 0.7 days per FTE compared to 0.2 days in the first 7 months of 2006/07. Stress related illness has also nearly doubled, albeit from very low baseline figures. Although this signals a downturn in performance, the Chief Executive's department still has very low sickness absence compared to other directorates.
- 77.2 The directorate management team have worked to reduce the projected overspend of £91k at the first monitor report, and the current position is an improved position of £41k, an improvement of £50k. The major difference since monitor 1 are that additional funding has been identified to offset overspends within Human Resources, the forecast for Members Allowances has been reviewed downwards to be within budget and additional staffing underspends have been identified within Civic, Legal and Democratic Services. This has been offset by an additional budget pressure introducing temporary Health and Safety management arrangements.

Conclusions

Service Performance

- 78 Overall, performance across directorates shows fairly good improvement. In particular, unemployment levels in the city; community safety; street cleanliness; brownfield site development; educational attainment levels; children participating in PE & sport; and the recently announced score of 3 for our 2007 'Use of Resources' CPA assessment. The most significant improvement however, has occurred with waste collection & recycling, which is now exceeding the extremely challenging targets set for 2007/08.
- 79 There are a number of service delivery areas however, which either need to be watched closely or where corrective action needs to be taken to turn performance around before the end of the financial year. These include staff sickness levels in some directorates, the number of adults achieving an 'Entry Level 3' qualification, road traffic accidents, the

final stage of implementation for the *Framework* system and health & safety arrangements across the council.

Financial Performance

- 80 If the current action taken by the Directors continues to be successful, then it is projected that the Council will underspend by £2,901k. However, without savings in the year which will not recur (project work that has slipped £1,436k, improved position on interest rates and the ability to defer borrowing £1,756k and other central budgets not needed £643k) the position would be a net overspend of £934k, and this is the position that cause pressure in future years.
- 81 Any recurring overspends are being considered as part of the 2008/09 budget processes and will reduce the opportunity to redirect resources to other areas. The overspends need to continue to be fully monitored as any overspend results in reduced balances. The Medium Term Financial Forecast has already indicated that the next budget process will be extremely difficult. As much scope as possible will be needed to reduce the impact of service cuts and Council Tax increases.
- 82 There has been a lot of work undertaken within departments to manage expenditure and bring budgets in on target. There are, however, some underlying pressures where the overspends look set to continue. These will clearly need to be addressed as a high priority in future monitoring reports.

Consultation

- 83 CMT & Executive members have considered this report in a joint monitor session. The key actions and recommendations from that session are included.

Analysis

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

Corporate priorities

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

Implications

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

- Information Technology - there are no information technology implications to this report
- Property - there are no property implications to this report
- Other - there are no other implications to this report

Risk Management

- 87 The overall theme of this report supports strategic risk management across the Council. It provides Executive members with customised performance and budget information, based on high priority (or high-risk) areas of service delivery and performance. Any resource redirection or corporate attention will itself be based on the concept of managing risk.
- 88 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. 2006/07 and the early part of 2007/08 has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring of income and expenditure and appropriate management control. As such regular updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.
- 89 The detailed analysis of directorate spending pressures are addressed within the individual EMAP reports and then summarised within this joint monitor. However, in terms of effective risk management there is also a need to ensure that the council remains clearly focussed upon those items, which could have a significant and lasting impact on the financial standing of the council. To help address such risks, the budget planning process includes the identification of events that may need funding from the council's contingency budgets. These items, and allocations to date, are detailed at Annexes 10 and 11.
- 90 In order to help the Executive clearly address the main threats facing the council the significant events identified to date have been split into two categories. In this context those items which could, if not successfully managed, have an impact on the financial standing of the council as a whole have been included here as Red Risks, whilst those which could have a significant impact on an individual portfolio have been reported as Amber Risks.

	Para.	Value £'000	Identified in Contingency £'000
Red Risk			
Concessionary fares	66.2	740	200
TOTAL		740	200
Amber Risk			
Children's social care legal fees	64.3	100	0
Fostering agency costs	64.3	196	0
Transport and escorts for SEN pupils	64.3	180	0
Trading Services income	70	532	0
Gross adult social care overspends in community support (net £604k)	73.2	936	0
TOTAL		1,944	0

91 The Executive also needs to note the reliance that this monitoring report places upon underspends on corporate budgets, especially treasury management. If the council is to maintain a balanced position in the medium to long term then there remains a need for services to identify and address the underlying causes of departmental overspends. This requirement will be a key aspect of the 2008/09 budget process.

Recommendations

92 Members are asked to:

a) note the performance issues identified in this report.

Reason: So that corrective action on these performance issues can be taken by Directorates and EMAPs.

b) Consider the applications for supplementary estimate requests of £200k to be funded from the contingency fund, as set out in paragraph 49, and decide whether, or at what level, to grant approval.

Reason: In accordance with the Executive's Constitutional powers to make decisions on the level and granting of supplementary estimates.

c) Approve the virements over £250k set out in paragraph 50.

Reason: In accordance with the Executive's Constitutional powers to make decisions on virements over £250k.

d) Approve the transfer between general fund and the traded activities profit from Neighbourhood Services of £295k as set out in paragraph 51.

Reason: The virement request is within the budget areas where the Executive is the responsible body.

e) Approve the one-off transfer in 2007/08 from the job evaluation base budget to the project costs as set out in paragraph 51.

Reason: The virement request is within the budget areas where the Executive is the responsible body.

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Report Approved **Date** *Insert Date*

*Chief Officer's name: Heather Rice
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Report Approved **Date** *Insert Date*

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

All

For further information please contact the author of the report

Specialist Implications Officer(s) None

Background Working Papers

Reports to individual EMAP meetings

Annexes

Annex 1 – Update on progress against our corporate priorities

Annex 2 – Staff performance

Annex 3 – Update on LPSA2

Annex 4 – Customer First results

Annex 5 – General Fund Net Expenditure Budget

Annex 6 – Variations on Treasury Management Activity

Annex 7 – Detail of Other Centrally Held Budgets

Annex 8 – Growth Schemes in 2007/08

Annex 9 – Savings Proposals in 2007/08

Annex 10 – Position on General Contingency

Annex 11 – Position on Contingency Items to be Funded from Reserves

Annex 12 – Reserves Statement

Annex 13 – Venture Fund

Annex 14 – Pay and Grading and Equal Pay Financial Analysis