

Cabinet

14 February 2012

Report of the Cabinet Member for Corporate Services

2011-12 Finance and Performance Monitor 3

Purpose of report

1. This report provides a summary of the finance and performance progress for the third monitor period of 2011-12. Performance is presented under the five priority themes:
 - Create jobs and grow the economy
 - Get York moving
 - Build strong communities
 - Protect vulnerable people
 - Protect the environment.

Supporting data and analysis are available in the five priority scorecards, listed as background papers.

Headlines for Monitor 3

2. York as a city continues to perform well against the national picture, with the Centre for Cities "*Cities Outlook report 2012*" highlighting a large number of areas where York is amongst the top performers of the 64 UK cities included:
 - Youth unemployment - third lowest
 - Inequality levels - sixth lowest
 - City growth by population - third fastest
 - Workers skilled to NVQ4+ - seventh highest
 - Number of unqualified people - joint sixth lowest
 - Increase in unemployment from 2010 to 2011 - second lowest
 - Long-term JSA claimant rate - 13th lowest.
3. Our Children's Services have been awarded the top 4-star (excellent) rating for the 4th year running – an unrivalled achievement for a council outside London. York also continues to be one of the safest cities in the country, with overall crime levels expected to have reduced by another 10% in the year to April 2012.
4. This positive position is underpinned by good progress towards the delivery of the council plan priorities, which will reinforce York's strong position. As part

of this, a number of key strategies are currently being drafted (or are out to consultation) and once approved in the coming months they will provide a framework and focus the delivery of the Council Plan over the next 3 years.

5. Where any areas of less positive or mixed performance have been identified, these are being monitored carefully with action plans in place or being developed to address any underlying problems. The actions within the Council Plan also specifically address some of the less strongly performing areas.

Performance areas being addressed include: dealing with the continued increase in demand for adult care services through an ongoing programme of improvements; tackling the shortfall in planning income; further promoting our libraries and sports centres to meet our ambitious targets for the year and to embed them as core facilities at the centre of our communities.

6. The council is identifying financial pressures totalling £921k across all directorate budgets, an improvement of £2,539k from the Monitor 2 report. This significant improvement reflects the extensive work undertaken within Directorate Management Teams to review budgets and implement strict budgetary control to mitigate known expenditure pressures. This work continues and it is expected that by the end of the financial year expenditure can be contained within budget. The forecast also reflects a proposal that consideration is given to using the £714k New Homes Bonus to support the revenue budget.

Progress on the Council Plan priorities

Priority: Create jobs and grow the economy

7. Key performance headlines:
 - Cities Outlook report 2012: the city is performing well in the current economic climate, as per paragraph 2 above.
 - Skills: the report also highlights York's highly skilled workforce, with the city ranked seventh for workers skilled to NVQ4 or above and joint sixth for the lowest number of unqualified people.
 - Business start-ups: positive increase in business start-ups in 2011, which places York in a strong position for largest increase in the region.

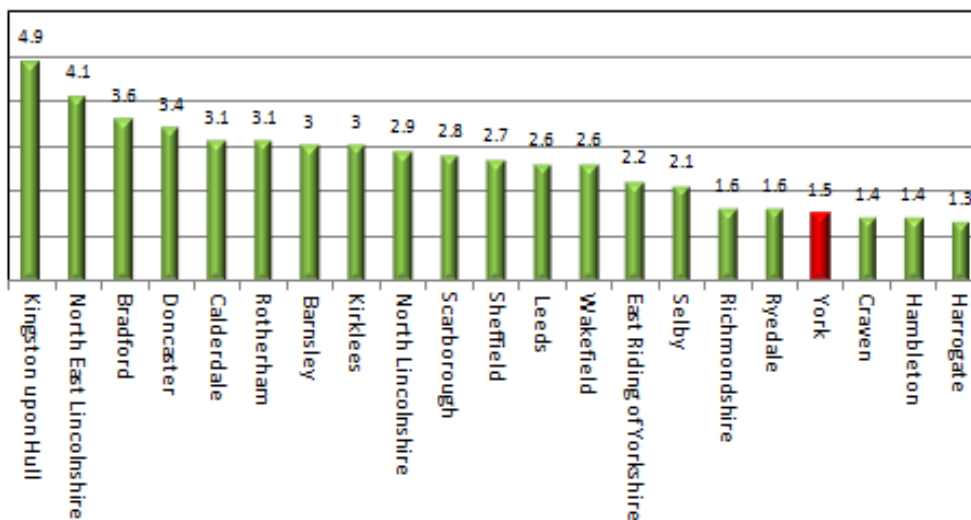
8. Key progress headlines:

- Apprenticeships: As part of the 100 in 100 campaign, CYC committed to 36 apprenticeships. The total number of pledges in December across the city from all employers was 199, which far exceeds the target of 100.
- Wi-Fi: Implementation of free Wi-Fi in the City Centre has contributed to Digital inclusion.
- Economic Development: A new Economic Development Plan has been completed and is currently out to consultation with the business community. This will help support the local economy and position York on the global stage.
- York Future Workforce Forum: YFWF is working through the existing Economic Development Partnership and local employer networks to establish YFWF.

9. Unemployment:

- The number of people claiming Job Seekers Allowance in York increased slightly in Q3. This is inline with an increase for the region as a whole.
- Male JSA claimants remain higher than females at 3.3% and 1.5% respectively. The rate of females claiming JSA is increasing faster than males, but still remains one of the lowest in the region.

% Female JSA Claimants

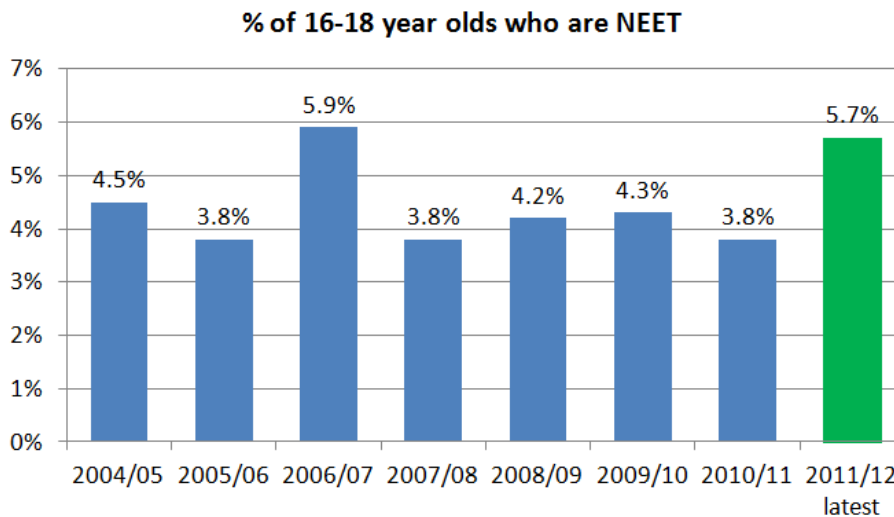


- The total number of benefits claimants has decreased in 2011 by 4%, from 12,350 in 2010 to 11,900 now.
- Lone Parents has also decreased by 11% from 1,310 in 2010 to 1,160.

10. NEETS:

- The provisional NEET figure for Q3 shows the expected drop to target levels of 5.7%, which is an excellent result in the current economic climate. Whilst we cannot directly compare ourselves with others as yet,

other NEET information does show York performing well above the Y&H region average, placed joint second with East Riding, just under NYCC.



- However, this figure does hide some issues with progression, retention and rising NEETs amongst young people who are Learners with Learning Difficulties or Disabilities (LLDD) particularly those who have emotional and behavioural difficulties

11. *Earnings:*

- Average weekly pay for city residents is £492.30 for 2011, which is now further above the regional average (gap is now 5.4%, compared to 4% last year). York is still below the national average but the gap has narrowed (now 2.2% below compared with 4.2% in 2010).

12. *Business start-ups:*

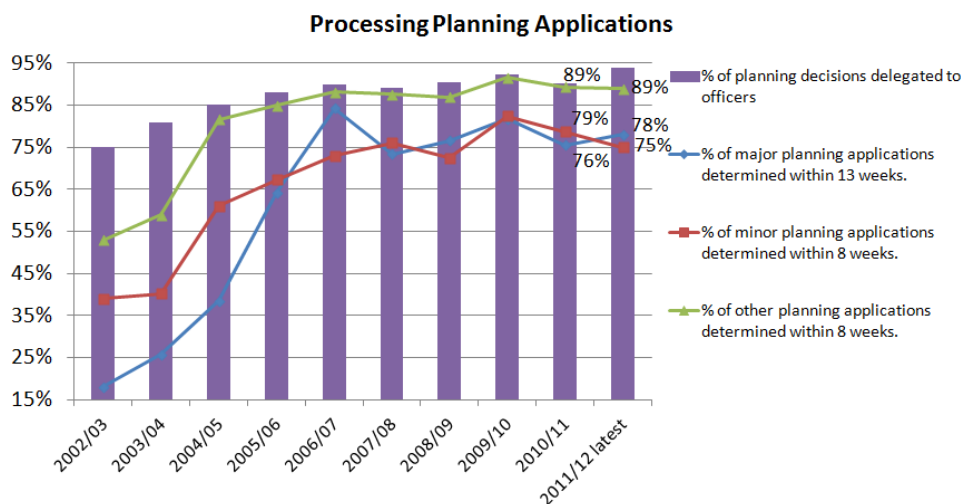
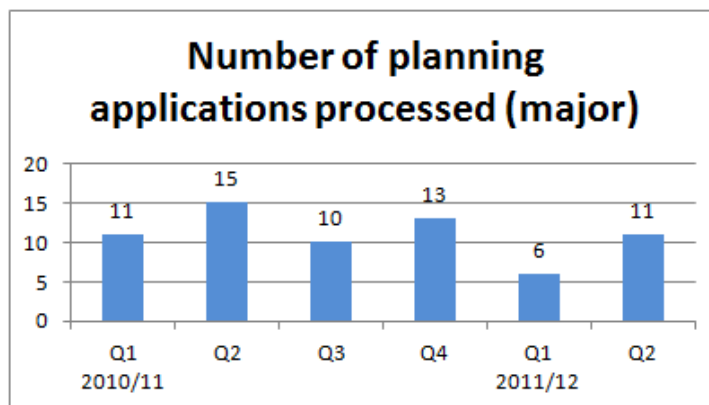
- In 2011 there has been a 9.9% increase in small business start-ups in the city. This places York third in the region for the largest increase since 2010.

Local Authorities	% change from 2010
1. Kirklees	+11.4%
2. Selby	+11.2%
3. York	+9.9%
4. Calderdale	+3.2%
5. Leeds	+2.9%
6. Craven	+2.9%
7. Ryedale	+2.4%
8. Hambleton	+1.8%
9. East Riding of Yorkshire	+1.6 %
10. Bradford	+1.4%
11. Harrogate	0.0%
12. Richmondshire	0.0%

13.	Barnsley	-2.8%
14.	Wakefield	-2.6%
15.	Scarborough	-1.2%

13. *Planning services:*

- The number of major planning applications processed within the required timescales has increased compared to last year (78% for April to December, compared to 73% in 2010/11). The number of minor applications processed within 8 weeks has reduced slightly to 75% (from 79% last year). Processing times have been improving as a result of process improvements, however recent structural changes, as well as the signing of legal agreements on long outstanding major applications such as Terry's, Nestle and Hungate (triggering the issue of the formal decisions), may result in a temporary decrease in performance stats towards the end of the financial year.
- The actual number of major planning applications processed decreased in monitor 3 but it is anticipated that there will be an increase during the last quarter of the year – however this is unlikely to affect the projected income shortfall (see para 51).



Priority: Get York moving

14. Key Performance Headlines

- **Transport:** The number of passengers using Park & Ride services continues to increase and those using other bus transport has also now increased.

15. Key progress headlines

- **Foot Streets:** A vision for a car free city centre and the extension of areas and hours for foot streets has been presented to Local Development Framework working group. Feasibility studies have now begun to develop the car-free centre proposals and extension of the area and hours for footstreets. Cabinet decision is due in March.
- **Pedestrians & Cycling:** The programme for the Local Sustainable Transport Fund (LSTF) is currently being planned and will start from April to develop and improve York's Cycling and Pedestrian network. The Intelligent Travel York programme was launched to the general public in January.

16. *Transport:*

- Bus passenger numbers have increased by 9% in Q3 compared to the same period last year (4,086,429 compared to 3,757,029 in 2010/11). As a result, it is now expected that passenger numbers will meet the annual target of 15million. Park & Ride passengers numbers have also increased in Q3, by 11% when compared to Q2 (1,125,152 compared to 1,012,578).

Local bus passenger numbers



17. *Parking:*

- The number of people using car parks is forecast to increase by 3% this year. From April to November this year 1,098,883 people used car parks.

Priority: Build strong communities

18. Key performance headlines:

- **Leisure**: Energise has been identified from the APSE (Association for Public Service Excellence) data analysis as one of the best national performers this year for Sports and Leisure facility management.
- **Street Services**: Although this was our first part-year as APSE members, the Highways and Winter Maintenance Services team were shortlisted as a 'best performer' in the national APSE 2011 Performance Network Awards ceremony.
- **Lettings**: The Yorhome lettings service has expanded to meet the needs of single people, homeless or otherwise, by taking on approx 20 bedsits / 1 bed flats. This has also enabled Yorhome to meet its target of letting and managing 75 homes. Due to the increased numbers, Yorhome is exceeding its income targets and moving closer towards being self-financing.
- **Housing relets**: The detailed action plan in place since June has improved performance, and although the cumulative indicator is still showing the effect of poor performance early in the year, the monthly figures are now well within target.

19. Key progress headlines:

- **Community Contracts**: Three Community Contracts are under development, Holgate, Dringhouses/ Woodthorpe and Westfield. Others to follow after the Cabinet decision is made in March.
- **York 800**: York 800 was launched to the public.
- **Volunteering**: A draft Volunteering strategy has been produced, to be discussed with the Cabinet member. Cabinet approved an additional £100k funding to support the voluntary sector in the City. The first panel has now met and 7 bids are currently being considered.
- **Young People's Accommodation**: Howe Hill Young People's Accommodation Project opened on 23rd Jan. This brings together all key service provision aimed at supporting Young People at risk of homelessness, and will help to address the increasing numbers of young people approaching CYC as homeless.
- **Community participation in Olympic Games activities**: events are being planned between 19th June (torch relay) and 9th September (end of Paralympics).
- **Health & wellbeing**: The council is working closely with the NHS to review indicators, identify changes, extend the scope of the JSNA and produce recommendations to inform the Health & Wellbeing Strategy. Findings and

analysis will be available from February 2012. The Shadow Health and Wellbeing Board will receive the final report in March 2012

- Neighbourhood working: A new model for Neighbourhood Working will go to Cabinet in March 2012. This paper includes the proposed model for community based staff and the community credit scheme.

20. *Homelessness:*

- The first half of the year has been a busy period for the Homelessness service with numbers prevented or relieved from homelessness increasing significantly (475 between April and September compared to 305 for the same period last year).
- The number of York households living in Temporary Accommodation has increased to 99 as at 30 September, but this was expected following the introduction of the sub-regional Choice Based Lettings system for Housing allocations. Despite this increase, the number of households in temporary accommodation who have dependent children has reduced slightly.

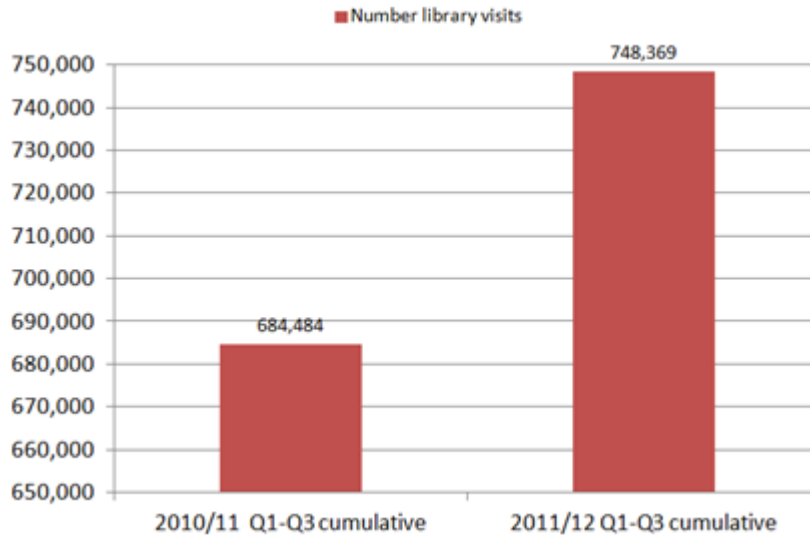
21. *Street environment:*

- The % of street lights not working as expected and the average time to repair a fault have increased slightly in Q3 (but is as expected at this time of year with the shorter daylight times) but both indicators are still well within target and still place us as one of the best performing councils in the region.

22. *Cultural and sports:*

- Visits to swimming and sport centres continue to decline slightly, in line with the national trend in swimming participation. The opening of the new competition standard swimming pool at York Sports Village in partnership with York University is expected to significantly boost participation
- Library visits for the year (April – December 2011) have increased by 9% over last year (748,369 compared to 684,484 in 2010/11). Although predicted to exceed last year's final outturn, visitor numbers are not expected to reach this year's ambitious target.

Library visits



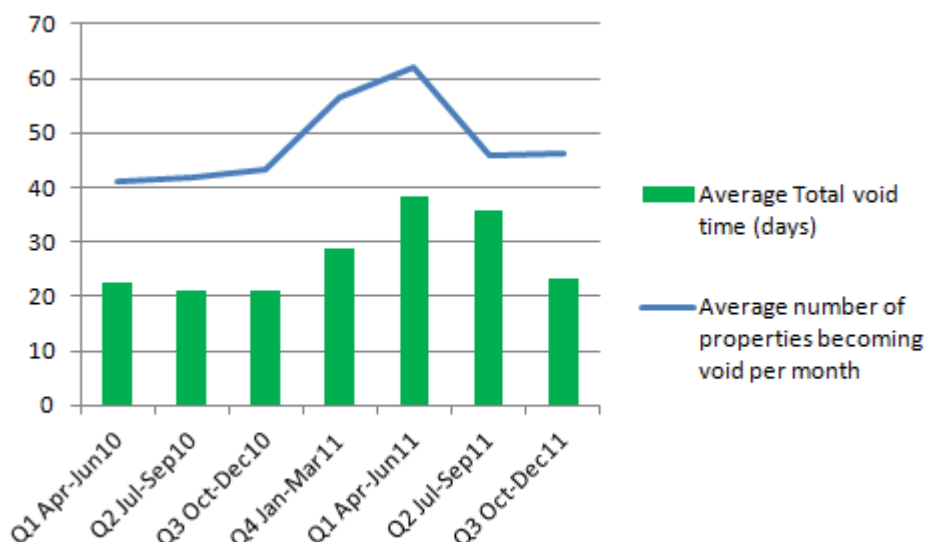
23. *Community safety:*

- Performance across most areas of community safety in York shows very good improvement, with the total recorded crime incidents forecast to decrease by around 10% on last year. If achieved, this would represent a 53% decrease in crime in the city since 2004.
- The only area which is showing an increase in incidents is recorded anti-social behaviour (ASB), which is forecast to increase by 2% based on Q3 data, an improved forecast since Q2. York historically has higher levels of ASB during the summer months and lower levels over the winter months therefore by the end of the year; levels could be comparable with last year.

24. *Housing:*

- The Empty Homes policy is also bringing back into use Private Sector empty properties.
- After a significant rise in the re-let time for council homes in the first half of the year, performance has now improved, and is on target for Q3 (December figures provisional).

Housing Re-lets



Priority: Protect vulnerable people

25. Key performance headlines:

- **Children's Services**: awarded four stars (excellent) in the annual review (York is the only council, outside London, to be consistently awarded top marks during their Children Services assessment). However, there are some areas where performance is lower than the target, due to the impact of change initiatives and increasing service volumes.
- **Adult Social Care**: Whilst there has been significant organisational change in this area, service levels are close to the targets, reflecting the considerable effort to maintain services to customers even through disruption.

26. Key progress headlines:

- **Elderly Persons' Homes**: Councillors agreed to begin a three to four year modernisation programme which will see the existing 9 EPHs close and be replaced by state of the art residential care facilities on 3 sites: Fordlands and Haxby Hall and a new site at Lowfields in Acomb. The decision followed an extensive citywide consultation, which showed widespread support for the council's vision for future care.
- **Reablement**: The Reablement Provider contract will be live in March which will increase the capacity of the service.
- **Health & wellbeing**: The approved proposals for the shadow Health and Wellbeing Board will also contribute to this priority.
- **JSNA**: The ongoing work on the JSNA will contribute to this priority, as per paragraph 19.

27. *Independent Living:*

- The number of customers receiving personal budgets continues to rise (now at 29.4%) although has fallen short of the Q3 target (currently 33%). The factors preventing the promotion of Self Directed Support were cited as issues with the RAS (Resource Allocation System) and the amount of additional work required to ensure its accuracy.

28. *Adult Social Care:*

- The % of social care assessments completed on time is now at 63.3%, which is below the target of 70% and lower than last year. The positive process of clearing waiting lists has affected the time to complete new assessments, and this performance will likely continue to be reduced until the waiting lists are cleared. The timeliness of social care packages remains positive at 89.5%, just below target levels of 90% (an improvement compared to 85.4% last year).
- Significant progress has been made in reshaping Homecare provision, with the projects on track to deliver revised services by the end of March. This will provide a range of care options, supported by the new Reablement service, which are more focussed on the aims of helping people to live independently for longer in the place of their choice.

29. *Child Social Care:*

- The number of child protection plans (CPP) lasting 2 years or more has reduced to 0.8% compared to 3.9% in 2010/11.
- Just 24 children (just under 15%) have been subject to a CPP for the second or more time (an improvement from 18.6% in Q2) against a target of 7.
- However, for both these areas, it should be noted that this small cohort is made up of some large sibling groups, and as such changes to numbers do have a significant impact upon the percentages. Services are confident that appropriate decision making at point of deregistration was undertaken, and significant and unpredictable causes / circumstances leading to re-registration could not have been foreseen.
- Total numbers of out of authority placements reducing due to enhanced local provision (see para 63).

30. *Parenting programmes:*

- There has been a better than expected take up of the parenting programmes this year (376 to date - annual target of 300). Although there has been limited capacity to deliver parenting programmes this quarter, the service continues to meet the need.

31. *The York Education Partnership* has been established to develop the overall strategic direction of 0-19 education policy in York, replacing the existing Schools Forum arrangements. £1,200k savings have been

generated through the restructure of the School Improvement Service, as part of the development of the new partnership.

Priority: Protect the environment

32. Key performance headlines:

- Waste management: Whilst recycling levels are continuing to increase and landfill waste is decreasing (see para 33).
- Sustainable development: new homes built on previously developed land continues to decrease this year, although part of the decrease can be attributed to a change in definition for ‘garden infill’ development which is now regarded as Greenfield.

33. Key progress headlines:

- Carbon Footprint: Consultation has taken place with the core team on refreshing the council’s carbon management programme and the findings have been presented to the Sustainable Development Board. This programme will drive the achievement of carbon reduction targets for the council and city.
- Tree Strategy: Consultation on the Tree Strategy has been completed to inform Treemendous Project Plan, which will plant 50,000 trees in York.
- Recycling: Testing, consultation and marketing of alternative recycling storage boxes to help with the optimisation of our waste management has been completed.

34. Reducing CO2:

- Latest data for CO2 per head of York’s population shows a further decrease to 5.4 tonnes (2009), compared to 6.0 tonnes in 2008.

	2006	2007	2008	2009
York’s CO2 per head of population (tonnes)	6.8	6.2	6.0	5.4

35. Waste management:

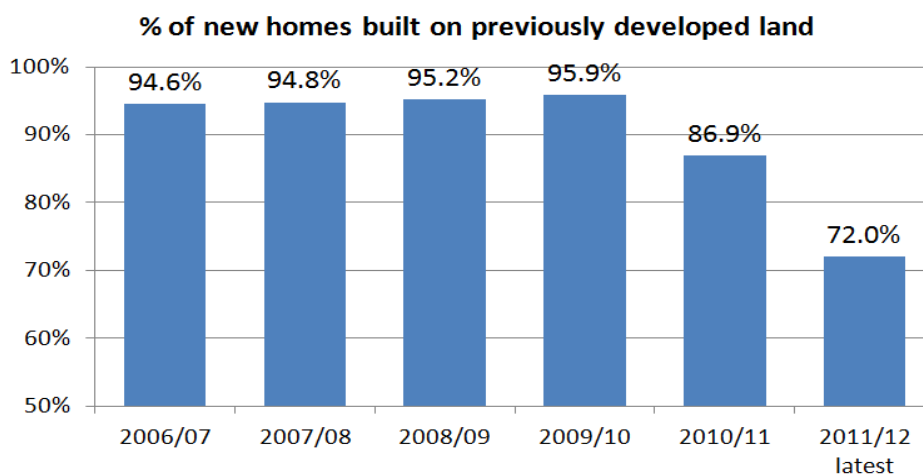
- Recycling levels continue to increase, with CANS forecasting a 2% increase by the end of the year (47.01% compared to 45.1% in 2010/11).
- The Landfill Tax rate (see table below) has more than trebled since 2004/05 and an alternative to landfill is needed to meet statutory targets and to reduce financial burden of paying Landfill Tax.

Performance data	2008-09	2009-10	2010-11	11-12 Forecast	-/+ change
Tonnes of Landfilled waste - Household	50,850	52,000	49,180	47,890	-1,290
Tonnes of Landfilled waste - Commercial	9,480	8,300	6,410	5,250	-1,160
Tonnes of Landfilled waste - Combined	60,330	60,300	55,590	53,140	-2,450
Cost of landfill tax - Household	£ 1,627,200	£ 2,080,000	£ 2,360,640	£2,681,840	+£321,200
Cost of landfill tax - Commercial	£ 303,360	£ 332,000	£ 307,680	£294,000	-£13,680
Cost of landfill tax - Combined	£ 1,930,560	£ 2,412,000	£ 2,668,320	£2,975,840	+£307,520

- Despite the improvement to waste management, York is slipping behind other unitary authorities, who have introduced alternative waste management methods and strategies. However, once the Waste PFI is in place there will be a stepped improvement in this area.

36. *Sustainable development:*

- Latest data for new build housing completions on previously developed land in 2011/12 shows a perhaps unsurprising further reduction to 72% (compared to 92% for the same period last year (April to December)). This was partly due to an amendment to Planning Policy Statement 3: Housing (PPS 3) in June 2010 regarding the definition of 'garden infill' development which is now regarded as Greenfield.



Financial Overview

Directorate	Gross Exp'ture Budget	Gross Income Budget	2011/12 Net Budget	Monitor 2 Variance	Monitor 3 variance
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	162,629	-85,262	77,367	+2,064	+1,567
City Strategy	34,624	-25,827	8,797	+433	-146
Communities & Neighbourhoods	79,594	-42,136	37,458	+1,476	+800
Customer & Business Support Services	78,033	-73,736	4,297	-63	-136
Office of the Chief Executive	4,702	-1,249	3,453	-	-
DIRECTORATE BUDGETS	359,582	-228,210	131,372	+3,910	+2,085
Central Budgets	18,343	-25,815	-7,472	-450	-1,164
GROSS BUDGET	377,925	-254,025	123,900	+3,460	+921

Table 1 – Monitor 3 Financial Overview

37. The council's net General Fund budget for 2011-12 is £123,900k, inclusive of £1,025k usage of reserves and balances.
38. The 2011-12 budget was the most challenging in memory, requiring some £21,036k of savings in order to reach a balanced position. The forecasts outlined in this report reflect a prudent view of how that challenge is currently being met.
39. Final quarter forecasts indicate that the council faces financial pressures of £921k. An overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 above. The key pressures are summarised in the following paragraphs.
40. In Adult Social Services increasing service demand for community-based support packages remains an issue, as well as new pressures in External Homecare and some delays in the Homecare and EPH business change programmes. In Children's Services, an increase above forecasts in the number of children under the care of the council further contributes to the pressure.
41. There is a continued shortfall in Building and Development control income compounded by in year pressures arising from the City Strategy Directorate

service reviews. There are delays in achieving cross directorate savings within Communities and Neighbourhoods taken as part of the 2011-12 budget, including the Fleet Review.

42. Directorate Management Teams have been working on delivering strategies that are starting to mitigate the known pressures in order to contain expenditure within budget by the end of the financial year. As these strategies have been identified, the reported forecast has been amended accordingly in line with the council's stringent financial monitoring processes. This course of action has been successful in previous years. All DMTs are continuing to work on mitigation strategies and actively looking at ways to reduce spend in year.
43. As a result, significant progress has been made in reducing the overall forecast position, due mainly to the continued determination to control costs from teams across the council. The Council Management Team continues to monitor the financial position of the council on a monthly basis. The next report before Cabinet will be the final outturn report in the summer of 2012.

Directorate Analysis

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

Adults, Children & Education

45. The Adults, Children & Education directorate is reporting financial pressures of £1,567k, split between Adult Social Services (£959k) and Children's Services (£608k). This represents an overall improvement of £497k since monitor 2.
46. In Adult Social Services pressures that have been evident in previous years related to demand, particularly for community based care, still remain. There is a continued increase above forecast level in the number of customers taking up Direct Payments (£545k) along with a significant pressure in External Homecare, primarily related to Learning Disability customers, with additional pressures relating to children in transit between children's and adults services (£1,083k). A number of specific additional high cost residential and nursing care placements made in 2011/12 over and above that provided for in the budget have resulted in a pressure of £1,139k. The total number of customers in residential and nursing care is, however, still reducing as a percentage of the total customer base as the ambition to see more people assisted in the community is realised.
47. There have been delays on two business change workstreams. In Homecare, there have been delays in letting the reablement contract and reconsideration

of other care services options (£480k) and in EPH's, implementation delays mean that the full saving is unlikely to be achieved (net £270k).

48. However, mitigating actions have already been identified to reduce these pressures. A significant number of vacant posts are being held whilst the Business Change workstreams continue (£768k), a projected underspend on Warden Call (£220k) and delays in two Supported Living schemes result in an underspend (£250k). Grant adjustments (£310k), other underspends (£396k) and additional funding from the PCT (£614k) all contribute to the overall forecast reduction.

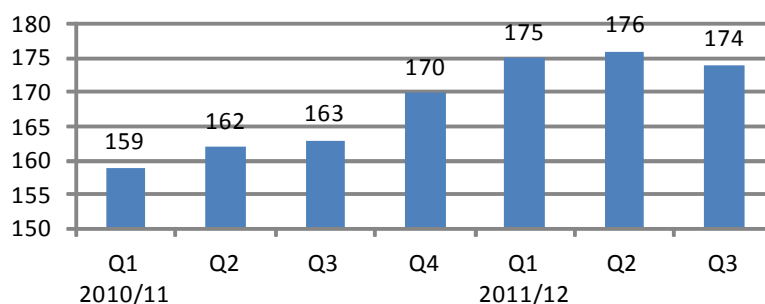
49. In Children's Services, the number of children currently under the care of the council is considerably higher than predicted when the 2011-12 budget was set and as a result is contributing to the directorate's financial pressures. This increased caseload has resulted in additional in-year staffing costs (£317k) and increased legal costs (£133k). There are also currently 29 Special Guardianship Orders in place creating a financial pressure of £110k. The table below demonstrates the year-on-year increase in Looked After Children and associated financial costs.

Numbers and average cost looked after children in York

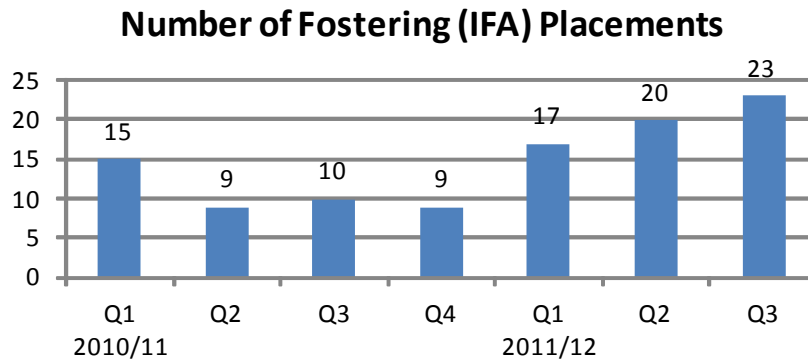
Year	No. of LAC	% change	Budget	Actual	Cost per Child	% change
2006-07	157	12%	£1,972,780	£2,998,715	£19,100	N/A
2007-08	168	7%	£3,083,130	£3,345,742	£19,915	4%
2008-09	199	16%	£3,468,020	£3,833,682	£19,265	-3%
2009-10	223	11%	£3,578,760	£4,501,280	£20,185	5%
2010-11	236	6%	£4,759,490	£4,666,303	£19,772	-2%
2011-12 (Q3)	255	7%	£4,326,600	£5,021,690	£19,693	0%

50. The number of children in local foster placements has increased from 162 when the budget for 2011/12 was set, to the present figure of 174, which is creating a pressure of £226k. A comprehensive programme of prevention to address growing LAC population was launched at a directorate event in December 11. Programme boards currently being established to deliver changes. The table below shows the increase on a quarter by quarter basis.

Number of Local Foster Placements



51. There is an ongoing need for 20 Independent Fostering Agency beds which is expected to exceed that provided for in the budget creating a pressure of £199k. A weekly review of the children in these placements by the senior management team has been initiated to expedite their return to local placements as soon as possible. Any moves are always for the child's benefit. The table below shows the increase on a quarter by quarter basis.



52. Delays in delivering the expected saving on Home to School transport (£221k) add to the overall pressures. Underspend on some previous year grant allocations can now be used to offset some of these expenditure pressures (£406k). Other mitigating savings of £192k result from restrictions on expenditure in place across the directorate along with a range of more minor variations across the service

City Strategy

53. The City Strategy directorate is projected to underspend by £146k, primarily due to savings in concessionary fares (£220k), transport planning (£135k) and parking (£135k) offset by shortfalls in income from Building Control (£110k) and Development Control (£100k) and time taken to deliver service review savings (£350k). The previously reported pressure related to cross directorate Facilities Management work stream savings has been fully mitigated by a range of directorate budget savings identified this quarter.

54. Vacancy management measures and other expenditure controls (£216k) are being enforced in order to reduce the forecast pressure by the end of the financial year.

Communities & Neighbourhoods

55. The Communities & Neighbourhoods directorate is forecasting gross financial pressures of £3,205k, including £1,319k of cross directorate savings taken as part of the 2011/12 budget process. Mitigation of some £2,405k has been identified which reduces the forecast overspend to £800k, an improvement of £676k since the last report.

56. The cross directorate savings pressures relate to the Fleet Review (£510k), which has been affected by additional resource requirements and the partial year effect of implementation, the Supplies and Services review (£400k), Agency Staff (£52k), Internal Trading (£150k), Area Based Working (£92k) and the Business Support Review (£115k).
57. Elsewhere in the directorate, Building Maintenance is forecasting pressures whilst new and efficient working practices are aligned to its business plan (£165k). Within Commercial Waste the service is forecasting a profit £590k below the budgeted level (although still making a profit). There is a further one off pressure in Arts and Culture Education (£187k) as result of redundancy costs arising from the recent restructure. An overspend is forecast within parking services mainly due to a reduction in income.
58. These pressures are reduced by general underspends (£116k) and increased income (£167k) within Housing Services. The deferral of some Highways expenditure (£565k) along with savings in Libraries & Archives (£111k), Neighbourhood Management (£101k) including the stopping of further spending on ward committee budgets and directorate wide mitigation, including vacant posts, of £588k further reduce the overall forecast.
59. In order to mitigate these pressures, the directorate is limiting expenditure to a minimum, however it is unable to do so in all circumstances, for example where contractual obligations prohibit this. Service managers will continue to identify other proposals to mitigate the overspend.

Customer & Business Support Services

60. The Customer & Business Support Services is currently reporting a projected underspend of £136k, which is due minor underspends on a range of issues. The directorate will continue to try and identify other under spends which could assist in mitigating the council wide position.

Office of the Chief Executive

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

Corporate Budgets

62. These budgets include Treasury Management activity and other corporately held funds. At present, it is anticipated that there will be a £250k underspend due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances and the volatility in financial markets which has allowed for the Council to take advantage of favourable interest rates.

63. In addition, pension strain costs to date have been lower than anticipated in the financial year and an in year underspend of £200k is forecast.
64. This section also now includes a projected underspend of £714k for the New Homes Bonus. It is proposed that this is set aside to be used to support the revenue budget; however the amount can not be fully confirmed until the final year outturn is known. The Director of Customer & Business Support Services will consider the final allocation as part of the outturn process and this will be included in the final outturn report to Cabinet in July.

Dedicated Schools Grant

65. In the DSG area there is a projected underspend of £47k against a budget of £106,642k, primarily due to lower than expected costs related to SEN Out of City Placements. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

Housing Revenue Account (HRA) - Finance

66. The current working balance on the HRA is £9,252k and the estimated variance against this is an underspend of £216k which is primarily attributed to staffing vacancies (£128k), increased income from leaseholders (£47k) and other minor savings across the service (£86k) offset by a shortfall in rental income of £45k due to the increased number of void properties.

Reserves

67. The February 2011 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (or 5% of the net budget) and following the 2010-11 outturn, where funding was applied to fund new initiatives, the reserve now stands close to this minimum level.
68. Members have to be mindful that any overspend would have to be funded from this reserve reinforcing the need to contain expenditure within budget. Should this happen the Director of Customer & Business Support Services would have no option but to recommend to Council that the reserve is reinstated to at least its minimum required level which would have implications on future budget setting cycles.

Analysis

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

Consultation

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

Corporate Priorities

71. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan (2011-15).

Implications

72. 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.
- Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.
- Legal - there are no legal implications to this report.
- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.
- Other - there are no other implications to this report.

Risk Management

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

Recommendations

74. Members are asked to:

a. Note the performance issues identified in this report.

Reason: So that corrective action can be taken by members and directorates.

b. Note the current projected pressures of £921k and note that strategies are being prepared to mitigate this position.

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

c. Authorise the use of the £714k 2011/12 New Homes Bonus to support the revenue budget and delegate to the Director of CBSS authority to consider the final allocation as part of the outturn process.

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

Authors:	Cabinet Member & Chief Officer Responsible for the report:		
Debbie Mitchell, Corporate Finance Manager, Ext 4161	Councillor Julie Gunnell, Cabinet Member for Corporate Services		
Andrew Crookham, Principal Accountant, Ext 2912	Ian Floyd, Director for Customer & Business Support Services		
Toby Brotherton, Business Intelligence Officer, Ext 2202	Tracey Carter, Assistant Director Office of the Chief Executive		
Ian Graham, Head of Business Change & Performance, Ext 3406	Report Approved	√	Date 02-02-12
Wards Affected: All			
For further information please contact the authors of the report			

Additional background papers:

- Priority scorecard – Create jobs & grow the economy
- Priority scorecard – Get York moving
- Priority scorecard – Protect the environment
- Priority scorecard – Protect the vulnerable
- Priority scorecard – Build strong communities