

Executive Member for Corporate Services 11th December 2007 and Advisory Panel

Report of the Director of Resources

RESOURCES DIRECTORATE, MONITOR 2 PERFORMANCE AND FINANCE REPORT, 2007/08

Summary

1. This report combines performance and financial information for the Directorate of Resources for Monitor 2, 2007/08. The performance element covers key and Council Plan indicators and projects, and the financial aspect deals with capital, revenue and Treasury Management variances.

Background

2. This is the second monitoring report to be brought to Corporate Services EMAP for 2007/08, combining financial and service performance. The first report of the year showed further improvement on 2006/07 figures, and the contents of this report further compound this. Overall progress has been good, and realistically targeted improvements have ensured that this trend continues.

EXECUTIVE SUMMARY

Director's Overview

3. This report identifies satisfactory progress across most measures of operational and financial performance in the department.
4. A financial underspend of almost £0.5m is projected after allowing for carrying forward unspent monies on the first phase of Easy@York into the 2nd phase. 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.
5. 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.

6. 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.
7. 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.

Financial Overview

8. The table below summarises the forecast outturn position for Resources by service plan area. This shows that the directorate is forecasting a net underspend of £1,526k compared to a budget of £4,904k. This is a forecast variance of 2.3% compared to the gross budget of £66,307k.

	Expenditure Budget	Income Budget	Net Budget	Outturn £000	Variance £000	%
Director	528	57	471	229	-242	-43.3
Public Services	42,802	40,171	2,631	2,282	-349	-0.8
Financial Services*	2,472	2,307	165	72	-93	-3.8
Audit & Risk Mgt	3,826	3,663	163	267	104	2.7
IT&T	5,672	5,870	-198	-313	-115	-2.0
EASY Project*	2,087	719	1,368	382	-986	47.2
Property Services	8,920	8,616	304	434	130	1.5
Total	66,307	61,403	4,904	3,353	-1,551	-2.3

* = Both services marked with a * are seeking to carry forward their full underspends to complete key projects. This would leave a departmental underspend after carry forwards of £472k

Customer First and Corporate indicators

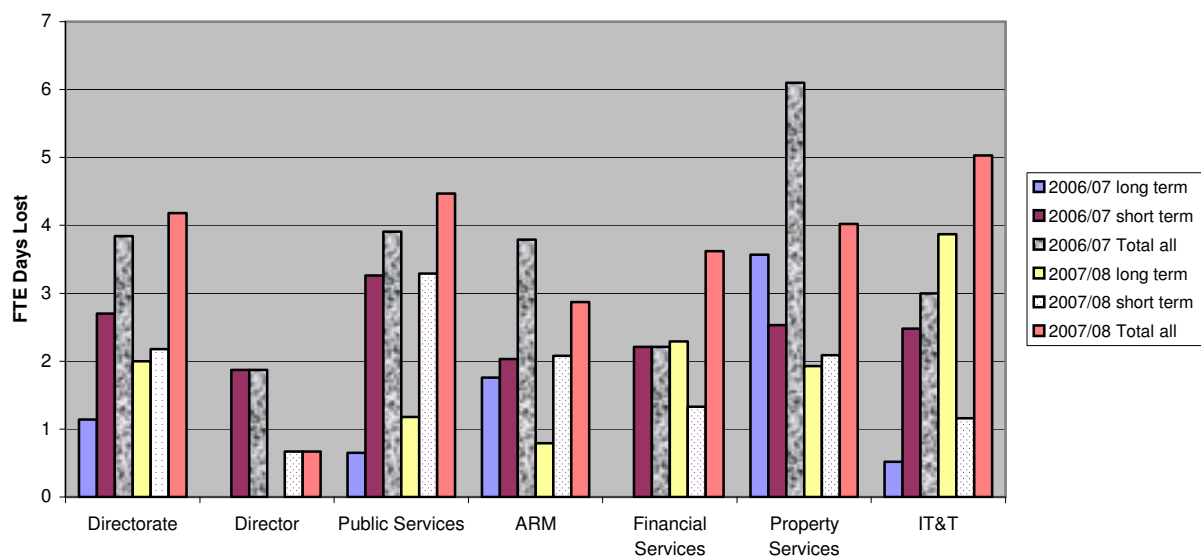
Staffing indicators

Staff sickness

9. Sickness is measured across the Council through BVPI 12 – the number of working days/ shifts lost to sickness absence.
10. All figures included in this section cover the period 1st April to 30th September 2007.

11. During 2006/ 07 the time lost to sickness was 10.38 days per FTE, but was inflated by high numbers of days lost to long term sickness absence per FTE.
12. Current data shows that long term sickness continues to have an impact on the figures, but the Directorate as a whole lost 4.18 days per FTE through sickness up to the end of the second monitor period. Long term sickness contributes 2 days per FTE to this figure, and when comparing types of sickness it should be noted that long-term sickness is 47% of the overall total within the Directorate.
13. Long-term sickness within the Directorate is of some concern, but is often due to absence because of serious illness which is beyond our control. There have been 14 incidences of long-term sickness within this monitoring period but the majority of members of staff have now returned to work, with only four ongoing incidences.
14. The graph below illustrates the number of FTE days lost to sickness, including long term sickness such as stress related illness, and also compares the information with that from the period 1st April – 30th September 2006.

Resources Sickness Monitor 2 2006/07 - 2007/08 Comparison



15. In comparison with the figures from 1st April 2006 – 30th September 2006, the chart shows that overall sickness is slightly higher in the present period at 4.18 FTE days, compared to 3.84 FTE days from previous year. However, it should be noted that short term sickness has reduced from 2.7 FTE days to 2.18 FTE days
16. The breakdown of days lost per FTE by Division for the year to date is shown in the table below. The actual number of staff suffering from serious illness that make up the long term sickness figures, ranges from 1-3 members of staff per Department.

	Overall Sickness	Long-term Sickness	Short term sickness
Directorate	4.18	2	2.18
Director	0.67	0	0.67
Public Services	4.47	1.18	3.29
ARM	2.87	0.9	1.97
Financial Services	3.62	2.61	1.01
Property Services	4.02	2.2	1.82
IT&T	5.03	3.56	1.47

17. Based on the figures to date, Resources will improve on the outturn figure from 2006/07 of 10.38, and will also meet the 12 day corporate target set for 2007/08. This is clearly a positive direction of travel.

Appraisals:

18. Appraisals, or Personal Development Reviews (PDRs), are in progress for 2007/08. New paperwork has been produced by Central HR following on from the LAMS training (Leadership and Management Standards) that is being carried out at the moment. All managers have been informed that new forms are available and have been directed to the HR intranet site where they can be found.
19. 30 appraisals have so far been completed and based on a total workforce of 375 this equates to 8.0%. It is expected that 100% will be completed by March 2008.

Equalities

Male/Female Split

20. As at 31st August 2007, the establishment based on the number of people employed, with the overall percentage of the Directorate appearing in brackets, was:

	Head Count	Percentage
Full time male	141	37.60%
Full time female	143	38.13%
Part time male	18	4.80%
Part time female	73	19.47%
Total staff	375	100%

Ethnicity

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

	Total	Male	Female
Number of staff	375	159	216
White British	370 (98.67%)	156 (98.11%)	214 (99.07%)
Other ethnic groups	5 (1.33%)	3 (1.89%)	2 (0.93%)

Customer First

Telephone calls

22. The figures for the telephones are based on Monitor 2 and a performance change of +/- 0.5% since Monitor 1 has been shown as a stable performance in the direction of travel column.

Department	Total Calls Answered	% Answered within 0-20	Direction of travel from Monitor 1
Directors Office	305	97.70%	↑
Audit & Risk Management	1,888	98.52%	↑
Property Services	7,084	95.55%	↑
ITT	4,727	96.95%	↓
Finance	7,437	98.80%	→
Public Services	51,377	96.93%	→
Sub total	72,818	97.03%	→
York Customer Contact Centre	114,462	79.40%	↑
Resources Total	187,280	86.29%	↓

23. By and large service levels remain stable, and all service areas have achieved and exceeded the corporate target of a 95% response to calls within 20 seconds. This reflects the continued high levels of service provided by the Directorate, particularly in Public Services where the number of calls rose by over 5,000, yet service standards remained stable and over target. Issues remain, however, with York Call Centre.
24. The figures for York Call Centre (YCC) show a fall in performance of 5.4% on quarter 1 although there were almost 30,000 more calls during quarter 2. During the latter period YCC had a number of challenges and issues to address in relation to both system and staff performance. The majority of these issues now sit in action plans to ensure that both focus on improvement and momentum remain. A high percentage of these are now completed and will continue to be monitored.
25. Council Tax calls were introduced into the YCC in quarter 1 which brought monthly peaks in call demand as a result of the reminder and summons letter runs. This is a key focus where additional cross schilling of resource is

underway to complement the increased activity and balance the workload across the wider departmental processes.

26. Fundamental needs within the department will continue to be addressed through review of technology to improve efficiency of processing time and increase customer satisfaction levels.
27. As an initial reward of the focus and monitoring activities, September saw a significant improvement in performance, with 90.7% of calls answered within 20 seconds. October to date is showing 92.3% and it is envisaged that quarter 3 will also achieve results in the 90% percent bracket.

Stage 2 and 3 complaints, visitors seen and letters answered:

28. These figures cover up to, and including, Monitor 2 (1st April – 31st September 2007). Again, where there has been a performance change of +/- 0.5% since Monitor 1, this is reflected as a stable performance in the direction of travel column.

(CG3) Letters received	Letters answered within 10 working days	%	Direction of travel from Monitor 1
5,332	5,142	96.44%	↑
(CG4) Customers seen	Customers seen within 10 minutes		
20,449	20,172	98.65%	→
(CG5) Customers seeing a second member of staff.	Customers seeing a second member of staff within 10 minutes		
729	729	100%	→
(CM 10) Stage 2 Complaints	Stage 2 complaints dealt with within 10 days.		
4	4	100%	→
(CM 11) Stage 3 Complaints	Stage 3 complaints		
0	0	100%	→

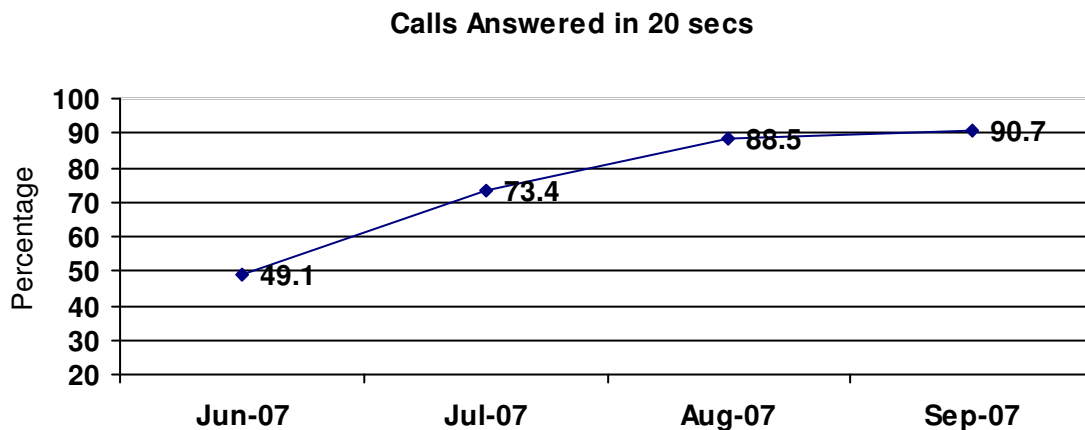
29. Service in all areas has been maintained and improved upon, and all targets have been met. It is expected that this trend will continue to the end of the year, and the teams will continue to provide high standards of customer care to residents.

Public Services

Performance headlines

30. The year to date has been very successful for the Revenues and Benefits Services with performance continuing to improve. New claims to Benefit are now being processed more quickly than ever before and the amount of work outstanding is also at its lowest level for a number of years.

31. Since the Benefits Fraud Inspectorate (BFI) issued their report in December 2004 the benefits service has had to (a) devise and implement a detailed 199 point Action Plan for improvement and (b) provide separate monthly monitoring reports to the Parliamentary Under Secretary of State and the Housing Services Division of the DWP. The Action Plan was completed earlier this year; this was included in the 2006/ 07 outturn report on 8 June 2007.
32. We have now received very welcome news from the Minister who wrote on 25 September 2007 saying that he was satisfied that the improvements in claims processing times “can be sustained” and that a “more focused and proactive approach is being made to performance management”. As a consequence we have been advised that the monitoring has been discontinued
33. Council Tax and Business Rates collection figures maintain the ongoing year on year improvement since April 2003.
34. The Council Tax service has also been working with the easy programme to make the business processes more efficient and also deliver a better customer service. This is still all very new but already over half of some processes are being successfully automated. Other Councils are beginning to visit us to see the innovation and improvements that these changes are making.
35. Within the York Customer Centre, a lot of work has been done to improve the performance. This has included further staff training, better allocation of staff to telephone calls, improvements to process and supporting IT. This has resulted in a significant increase in the number of telephone answered within 20 seconds – as seen from the graph below.



36. This level of performance is not likely to improve further in the short term. Some new staff have been appointed and need to be trained and become more experienced to enable them to take a wider range of calls. Until this can be achieved, performance will not improve.

Performance indicators

37. The processing of new claims for Housing and Council Tax Benefit is currently ahead of the 32 day target as at 30 September 2007, taking on average 30 days.
38. The average number of days taken to process change of circumstances notifications remains unchanged from the Monitor 1 report at 16 days, 2 days below target.
39. The collection of Council Tax and Business Rates both remain on target. As at end September 2007 Council Tax recovery was 56.70%, against a stage target of 56.52% whilst Business Rates had reached 61.93%, against a stage target of 60.38%.
40. One of the locally set indicators was to increase the volume of e-payments for Council Tax. This includes payments made using the Council's website, by telephone in the Council Tax section and at the York Customer Centre and via automated telephone system. We set a target of 4.00% by volume and as at 30 September we have exceeded this at 4.67%. The outturn for 2005/06 was 2.50% and in 2006/07 3.40%. The largest collection method is Direct Debit with nearly 66% of customers paying this way.

Projects

41. There are a number of ongoing projects for this service area, all of which are documented in Annex 1.

Financial information

42. There is a significant projected net under spend of £349k in public services for Monitor 2, this follows a fundamental review of the Housing and Council Tax benefits subsidy (£314k) and takes into account the change in the likely bad debt provision required at the year end (£414k), and also reflects the significant improvements in the benefits service resulting in less government penalties within the benefits subsidy process. This projection is based on a 100% subsidy for Local Authority error overpayments (£132k) which is the current reported position, however the subsidy levels achieved are dependant on meeting tight thresholds for errors and are very sensitive to change.
43. Within the Revenues and Benefits service there are staffing budget pressures, some of which reflect the additional work done on recovery. There is also an un-achieved saving of £50k which was linked to a restructure in Benefits but due to delays in the easy programme / service improvement work, this has not yet been agreed or implemented.
44. The projected overspend on the York Contact Centre of £40k is still being reviewed but is partly due to a flexible approach to the transfer of services to YCC, this ensures that services only transfer when the systems and training are fully in place so that standards of customer service are maintained and improved upon. The net under spend of £349k reflects the decision to include

the costs of Easy project work both by staff in Public Services and the Easy team within Public Services reflecting the work done in that area. It also allows for a possible £45k of external service support from HBS during the Easy implementation period in Benefits and for the costs of specialist queue management equipment.

Property Services

Performance headlines

- a) The completion of the capital scheme at Huntington School (£4.5m)
- b) Completed the refurbishment and repair of the Yearsley Pool on time. Reopened on 29th October 2007.
- c) Completion of the outline design stage within the Administrative Accommodation Project
- d) Achieved capital receipts –the Bonding Warehouse, 3-4 Patrick Pool, 2 High Petergate, Lidgett Grove and Hebden Rise are all completed
- e) Significant contribution to the Discus Bungalow Project including successful marketing and evaluation of the bids made.
- f) Established a council policy for the Community Management and Ownership of Council Property Assets as a response to the Quirk Review.
- g) Commercial Portfolio – only one small shop vacant at this time, with around. 200 properties now fully let and no properties vacant for more than 12 months. (see PIs)

Performance indicators

45. BVPI 156 - % of public buildings with access for the disabled - target is currently set 85% from last year's result of 81%, and performance is on course to achieve this. Projects are currently underway at Acomb Library, Guildhall and the Central Library which will achieve this target.
46. COLI 52 - % of council floor space vacant for more than 12 months - last years figure was 0.15% of floorspace vacant for more than 12 months. In the last 6 months we have let both of these properties and only 1 smaller property unit has now been vacant for less than 12 months. As a result the figure has now reduced to 0.0%

Description	06/07 Actual	07/08 Target	07/08 Monitor 2
BVPI 156 – DDA accessibility % of public buildings accessible	83%	85%	85%
COLI 51 - % of target capital	106%	100%	annual

receipts received in the year			
COLI 52 - % of council floor space vacant for more than 12 months	0.15%	1.25%	0.0%
COLI 67 - % of local authority buildings in need or urgent repair	11%	10%	annual
COLI 68 – Value of outstanding/ urgent repairs to Council buildings	£12,773,833	Not set	annual

Projects

47. The Administrative Accommodation Project reached the end of Stage 3 and a progress report is to be submitted to the Executive in December 2007 summarising those objectives achieved, and highlighting those objectives planned for Stage 4.
48. The Partnering Team are progressing the delivery of the new York High School, Swimming and Hydrotherapy pools (circa £20m) on the Oaklands site. The project is in the detailed design stage.
49. Property Services are contributing to the delivery of a significant capital programme that includes Administrative Accommodation (Admin Accom) (£30m), Joseph Rowntree School (£28m), York High School (£13m), Pools provision (£6.5m), Peasholme (£1.4m), Danesgate (£1.8m), Acomb Library (£800k) and a number of other miscellaneous projects.
50. Property Services are represented on the Joseph Rowntree School Board and are providing advice to the Project Team in preparing relevant procurement documentation. The new school is being delivered as a Pathfinder project through the Partnership for Schools (PfS) initiative and is valued at £28m.
51. Development Teams have been established for Oaklands, Lowfields, Manor and Yearsley Bridge. The teams include representation from Planning, Highways, Property, Environment, City Development, Archaeology, Conservation, Ecology, Housing, relevant service areas, service and property managers and partner organisations as appropriate. They examine all of the needs, input, risks, constraints and guiding parameters that will ensure the delivery of successful projects without unwanted surprises and risks.
52. Assisting Housing Services with the re-development of the Discus bungalow sites. Property Services have prepared the development particulars, received the development bids and have coordinated the evaluation of those bids. The preferred bidder was approved by Executive in October 2007.
53. Disposals such as the Strensall Youth Centre, Galmanhoe Lane, Parkside, Osbaldwick Lane (Derwent School), Clifton Family Centre site, Blake Street, North Carlton Farm, Acres Farm and the Monk Bar Garage are still ongoing.

54. Property database - The condition and access modules have been purchased for the Technology Forge (TF) database and populated with existing data. A Development Plan for TF is being produced which will set out priorities and timescales for the development of this system to meet the authorities needs.
55. The energy market is still extremely volatile at this time and is making budget planning very difficult. Energy is procured through the YPO (Yorkshire Purchasing Organisation) to gain the benefits of larger buying power from some 24 authorities. Energy and Water Management is focussed upon consumption and poor performing buildings. The EWMG (Energy and Water Management Group) reported an action plan to the Executive in the October 2007 for approval.
56. Recruitment of staff to important roles within Property Services has been challenging in a competitive market. This has had a major impact upon the workload of current staff in meeting significant work commitments in progress, as defined above.
57. Dwindling capital resources and capital receipts will create a significant risk for existing property assets if funding is not available for investment in those assets to reduce the maintenance backlog. Whilst the strategy for dealing with the high backlog is very much focussed on getting out of poor performing buildings, for example the Admin Accom Review and Joseph Rowntree School replacement, the risk is that lack of investment will lead to building failure and significant Health and Safety issues that may affect service delivery. A report will be going to Executive in December 2007 to consider this risk and a possible strategy to mitigate against it.

Financial information

58. The position has improved overall since Monitor 1 to a projected net overspend of £80.6k. This is primarily due to a stronger position in Asset and Property Management, whereby changes to the workloads are now reflected in the Service Level Agreement. Given the pressures faced by Property Services and the critical deadlines looming on a number of projects £50k of the departments overall underspend is being redirected towards Business Management and support within the team to try to improve business efficiency, work planning and communication.
59. Other budget pressures within this service are on Administration Accommodation, where savings offered from surplus leased space will not materialise, and from further cost pressures identified on the repair and maintenance of property prior to disposal.

IT&T

Performance headlines

60. The department continues to provide a secure, robust, scalable and highly available ITT infrastructure, including corporate and departmental systems.

61. ITT is achieving the majority of its revised and agreed service level targets for 2007/08, with the exception of the very low volume, high priority fault calls received. When compared to the same months in the previous year, 23 high priority calls were received compared to 38 during the same period last year. This equates to an impressive 39% reduction and is a testament to the dedication of the staff involved, the cycle of continual improvement within the department and the ongoing investment made in ITT. Of the 23, 13 were resolved within the 6 hour target. The remaining 10 fell into three categories:
- 3rd party issues – BT pipe severed at a building site
 - Hardware faults where workarounds were put in place during the working day to reduce customer impact and replacement work was undertaken outside of core service hours.
 - Intermittent faults that were complex in nature and required extensive investigation.
62. The Department has received 15,567 requests for service during this period of 2007/08 and is currently achieving a successful first time resolution rate of 98.29%, which is a continual improvement on previous results.
63. The three major business projects outside the Easy@york programme are progressing well, with Phase 2 of the implementation of the replacement Social Care system on track and scheduled to go live during February 2008.
64. A full and comprehensive evaluation of the tenders for the replacement of Financial Management System has been completed and supplier site reference visits are being planned prior to the next phase of preferred status being awarded. An evaluation of the technical options to facilitate corporate mobile working is underway alongside the work to evaluate the benefits around flexible working and its links to the Accommodation project and other corporate priorities.
65. In addition to the approved projects from 06/07 and 07/08, there are 20 additional Business Development projects that have been started or are at a planning stage in response to new business demands that have arisen during the first half of the year.
66. The year to date number of days lost resulting from staff sickness is 5.03 per FTE, of which, 3.56 are due to the impacts of long term serious illnesses with the remaining low volume 1.47days lost per FTE associated with short term absence.

Performance Indicators

67. To support the single Council Plan indicator, the department have developed a robust suite of local indicators to map service performance. Some of the key ones are listed below and high light the levels of service achieved within the first quarter of 2007/08.

Description	07/08 Target	07/08 Year to Date
Number of high priority calls resolved within the SLA of 0-6 hours	90%	56.52%
Number of medium priority calls resolved within the SLA of 3 working days	85%	90.96%
Number of standard priority calls resolved within the SLA of 5 working days	85%	97.59%
COLI 71 – % of time that the Council's ITT systems and corporate network infrastructure is available during the core business hours (Mon/Fri, 8am-6pm)	99.30%	99.86%
% of time telephony services is available during the core business hours (Mon/Fri, 8am-6pm)	99%	99.89%

Financial Information.

68. Against a 2007/08 savings target of £250k, the department have identified and declared ongoing savings of £334k, this exceeded the agreed departmental target by 33%.
69. ITT is a very complex and dynamic area with a budget in excess of £5.5 million. Currently there are more than 70 ITT development projects in progress on behalf of the Council. These projects are dependent upon resource availability from across the Council, and are subject to the impacts of changing priorities within the associated business areas.
70. There is an early identification of a predicted net underspend for the department of £637k, of which, £438k is attributable to project slippage and delays. The remaining £199k is due to effective project management, contract negotiation and budget monitoring processes, coupled with successful income generation activities. £442k of this is contained within the Business Development Service area and is linked to identified project delays, cancellations or their delivery under budget. The major contributors for this element of the surplus are:
- a) £162k is due to the FMS replacement project now being scheduled for commissioning during 08/09 and not 07/08.
 - b) £102k due to the lack of available staffing resources within the business departments to deliver the approved projects or where the business case is being re-evaluated. Mainly LCCS, City Strategy and HASS.
 - c) £44k is attributable to projects that have been completed delivered under budget during 07/08.
 - d) £32k from the re-phasing of the replacement Social Care system due to the technical and commercial complexities associated with this programme.
 - e) £30k from the Asset Management project where the final phase of this project is linked to the delayed FMS project.

- f) £27k due to the reorganisations within business departments that have led to delays within Integrated Transport project.
- g) £21k relating to systems that have either been decommissioned or where the original project business case no longer exists.
- h) £15k resulting from supplier takeovers or mergers that have elongated some of the associated procurement activities.

71. The main contributors to the remaining surplus are:

- a) £70k is due to long term vacancies, maternity leave, staff working reduced hours and long term staff sickness on reduced pay.
- b) £70k of previous development schemes that are now fully paid off
- c) £37k income has been secured through the sale of additional services
- d) £8k due to the transfer of printing to the Guildhall Print Unit.
- e) £26k due to a number of small value predicted budgeted surpluses in a number of cost centres

72. The projected underspend of £637k allows for the following work to be carried out:

- a) Some SOCITM support totalling £36k will be utilised to support senior management with IT strategy work and reviewing the Council's devolved and centralised IT provision prior to the move to the Hungate offices.
- b) A virement of £295k is required to pay for the enterprise licenses required to link existing Council systems and the new CRM system and it has been decided not to recharge the Easy project for some IT staff time totalling £96k. The effect of the above is to reduce the underspend to £210k.
- c) In addition, Members have the option to purchase some 'green' IT and desktop management equipment costing £95k, leaving a net underspend in IT of £115k. The benefits of this would be that the Council needs to re provide a substantial amount of old desktop IT equipment, which is already planned for use in the new Hungate offices. Buying it early would mean it was ready and in use pre-Hungate, and environmental and energy savings could be achieved earlier. It is expected that savings of £10k per year could be generated by this purchase in addition to the environmental benefits of so doing.

Audit and Risk Management

Performance headlines

73. The Division has continued to build on the successes of 2006/07, providing high quality, low cost, customer oriented services which serve to uphold and protect the corporate needs and interests of the Council and the wider community. Particular performance highlights since Monitor 1 include:

- a) the development of the Competition Policy and adoption of the Strategic Procurement Programme as essential pre-requisites of taking forward work on a Competition Strategy for the Council during the remainder of this year, further to the publication of the Corporate Procurement Strategy earlier this year;

- b) development of a shared service initiative with NYCC to provide Audit & Fraud services and go live of Phase I on the 1 October 2007;
- c) the adoption of a corporate Code of Governance by Audit & Governance Committee on 21 September 2007;
- d) the review of Internal Audit Service by the Audit Commission which found that the service met the new Code of Practice standards (a composite of challenging professional service competencies that were introduced nationally in January 2007) and that the service had much to commend it;
- e) a significant reduction in breaches of financial and procurement regulations as reported to Audit and Governance Committee on 21st September 2007. This improvement is strongly linked to the excellent progress made over the last three years to strengthen the Council's internal control arrangements and governance infrastructure, and is viewed as a very positive step forward in helping the organisation to avoid the kinds of unnecessary risks and costs associated with the possible consequences of non-compliance;
- f) 2007 CPA UOR self-assessment submitted and provisional indications of significant improvements in all scores relating to ARM services (internal control) and recognised for the first time as a site of 'notable practice' by the District Auditor in respect of the arrangements for promoting fraud awareness and counter-fraud work. Improvement in overall CPA UOR score anticipated in 2007 compared to 2006 but final scores are embargoed until the new year following the conclusion of the Audit Commission's internal moderation and quality assurance processes;
- g) continued low levels of staff sickness totalling 2.65 days per FTE year to date to the end of September 2007 (an 39% reduction compared to the same year to date period in 2006/07) giving a projected year end position of 5.96 days per FTE (an estimated 31% reduction in year on year figures compared to 2006/07). Please note these figures do not include finance trainees who are included in the figures presented at Exhibit.

74. In addition, work is ongoing to complete the following key developments by the end of the current financial year:

- a) a Competition Strategy for the Council;
- b) a comprehensive Information Governance Strategy and medium term action plan setting out a new policy framework and associated change management programme needed to support the Council's move to one site operations at Hungate;
- c) the 'go-live' implementation of the new Supplier Contract Management System across the organisation and with the business community.

Performance indicators

75. The Division is responsible for three Best Value Performance indicators relating to Housing and Council Tax Benefit fraud investigation services. Year to date performance is as follows:
- BVPI 76b – year to date performance (0.49) is slightly below target caseload ratio (0.50) which is directly related to an 1.5% increase in claimant numbers compared to 2006/07 in the absence of a corresponding increase in fraud investigation resources;
 - BVPI 76c – year to date performance (22.17) is slightly below profiled mid-year expectations of 22.50, but the service fully expects to meet or exceed its annual target by year end;
 - BVPI 76d – year to date performance (2.69) is well above profiled mid-year expectations of 2.11 reflecting a 29% increase in prosecution and sanctions work compared to this time last year. This reflects a significant improvement in the overall performance of the team
76. A comprehensive suite of 54 key performance measures for the Division has been developed, replacing those previously included in the Directorate's existing Performance Management Framework for ARM. Work is on-going currently to put in place all the necessary supporting data collection systems and reporting arrangements to ensure we are able to comprehensively report on all key performance information for the purposes of the second monitor in 2007/08.

Projects

Work In progress		Update on activities
a	Development of the Supplier Contract Management System	Work is progressing on the population of the system and associated staff training across Directorates. More work is required in respect of the supplier management module before the system is officially launched with the business community. Initial discussions have been held with the Chamber of Commerce to agree a 'partnership' approach between CYC and the Chamber in raising awareness of SCMS across the business community and providing training and workshop opportunities for local businesses and SMEs in the area
b	Information Governance Strategy	The IGS will be reported to CMT and the Executive in Autumn 2007.

c	Competition policy, strategy and procedural handbook	The policy and strategy will be referenced to the CPS and will be reported to CMT and the Executive in autumn 2007. Work on the handbook is awaiting further work on Thin Client arrangements at the Council and it is anticipated that this will follow to report to Members in the autumn
d	Exploration of a shared service initiative for Audit & Fraud services in partnership with NYCC	Discussions have taken place at officer level with NYCC to explore possible shared service options for Audit & Fraud services across the region. Work is no ongoing to develop potential options and the outcome of this work and officer recommendations will be reported fully to Corporate Service EMAP in Autumn 2007 for Member consideration & approval
e	Development of a 3 year medium business plan for the Division	Work on this has been suspended subject to the outcome of e/ above
f	Deliver all work and actions designated to the AD (ARM) in respect of the Corporate Efficiency Programme, the CPA UOR Action Plan, the OGG work programme, A&G Committee forward plan and the new 3 year action plan for Procurement 2007-2010	This covers a multitude of different tasks and change programmes and the associated work is in various stages of completion. Information about progress against any of the detailed tasks scheduled in the OEP and CPA action plan will be reported corporately during 2007/08. Progress against the 3 year CPS action plan will be reported separately to Corporate Services EMAP later this year
g	Review the function, performance and efficiency of procurement functions across the organisation and examine how they can be made more efficient and effective when we move to a one-site operation after 2010	This review is now in hand further to the EMAP decision for this to be done (December 2006). It is anticipated that the review will report its recommendations before Christmas 2007 for Members consideration and approval.
h	CPA UOR 2007 assessment	The 2007 self assessment has been completed and submitted to the Audit Commission for their review. It is expected that initial indicative scores will be discussed with officers in September 2007 and finalised in late autumn.

Financial overview

77. The projected outturn for this service is a net overspend of £104k and as previously reported the main reason for this is the potential shortfall of income relating to the Yorkshire Purchasing Organisation dividend together with a prudent assessment of the pump-priming expenditure required for Fraud and Investigation activities. The position reported also allows for an increase in the fees from the Audit Commission, although some of these fees may be recovered from other Directorates.

Financial Services

Performance headlines

78. From mid August to mid October the Head of Finance acted as the Council's responsible Financial Officer (Section 151 Officer). The additional workload associated with these duties was successfully absorbed into the service's existing resources.
79. As was reported at the previous monitor, staffing issues combined with major changes at a national level to the format of information, meant that problems were encountered in finalising the Council's accounts for 2006/07. However ongoing work has resolved these problems and the Audit Commission has provided an unqualified opinion on the 2006/07 accounts. These accounts were then approved by Urgency Committee on the 28th September. The service is currently working with colleagues in the Chief Executive's Department to arrange the publication, for the first time, of a formal Annual Report combining financial and performance information.
80. The financial system replacement project continues to progress well. In September three potential suppliers each spent a week in York demonstrating their systems to staff in three general sessions and 18 dedicated workshops. In total over 50 staff from across the authority took the opportunity to review the options available and to provide their opinions on what each supplier could potentially provide.
81. Following on from this, a small number of staff will be making visits to other councils to see how these systems work in practice, and hence how they could be utilised at York. Should these visits and the remaining stages be successful, it is hoped that a final supplier will be selected in January 2008. This would allow for an initial go live date in the summer of 2008 and an on-going roll-out for the remainder of that year. However EMAP are reminded that funding for the project team ends in March 2008 and so, in order to complete the project, relevant underspends will need to be carried forward from 2007/08 into 2008/09.
82. Finance staff have also worked alongside colleagues in Audit and Risk Management to complete and support the annual 'Use of Resources assessment' by the Audit Commission. Staff are hopeful that this process will see an improvement in performance from that shown for 2006/07.
83. Work has also now commenced on preparations for the 2008/09 budget which is co-ordinated by the Head of Finance and his staff. This will be a major piece of work which will occupy key members of staff between now and Budget Council on the 21st February 2008.
84. Alongside this, the service has also had to keep up its input into a number of business critical projects such as job evaluation and the transport review. Balancing such work, much of which requires significant input at a senior level, alongside the ongoing roles and responsibilities of the service remains a major challenge. This will be particularly be the case as the job evaluation project moves into implementation from the current modelling phase.

Performance Indicators

85. The service is responsible for BVPI 8 - the percentage of invoices paid by the Council within 30 days of receipt. In the first seven months of the year performance improved from 93.06% in 2006/07 to 93.62% in 2007/08. To put this in context, this means that of the 34,544 relevant invoices processed by the Council during this period 2,217 were not paid within 30 days of their receipt. If previous years performance were to be repeated this would equate to a 2007/08 outturn of approximately 93.50% against a target of 95%.

Description	06/07 outturn	07/08 Target	07/08 Actual
BVPI 8 - Percentage of invoices paid within 30 days of receipt	93.29%	95%	93.50%

Financial information

86. It is anticipated that Financial Services will underspend by approximately £93k in 2007/08. However this underspend relates primarily to funding carried forward to meet costs associated with earlier delays in the FMS Project. In order to bring the project to a successful conclusion it is requested that the relevant underspend of £99k be carried forward to meet unfunded project costs in 2008/09.

Capital Programme Update

87. The Resources approved capital programme totals £8,610k, including slippage from Property of £291k and approved additional prudential borrowing for IT of £1,438k reported at monitor 1. The latest monitoring information and proposed adjustments are shown in Annex 4.

Consultation

88. None required

Options

89. This report is primarily for information only and therefore no options available.

Corporate Priorities

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

Implications

Financial

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

Other Implications

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

Risk Management

93. Risk Management is a key issue and risks in this report have been highlighted in the various different service areas. This section will be expanded upon in future reports.

Recommendations

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

- Note the current financial situation
- Note performance, achievements and comments
- Approve the adjustments to the capital programme subject to approval by the Executive.
- Approve the FMS carry forward request of 99k to go forward to Executive.
- Approve the virement for enterprise licenses (para 72b) to go forward to the Executive
- Support the purchase of 'green' IT equipment and software (para 72c)

95. Reason – in accordance with budgetary and performance monitoring procedures

Contact Details

Author:

Penny Hepworth
Business and Performance Manager
(Director Support), City Strategy
551420
Patrick Looker
Finance Manager, City Strategy
551633
Jean Lewis
Accountant, City Strategy
551103

Chief Officer Responsible for the report:

Simon Wiles
Director of Resources
Resources

Report Approved **Date** 30/112007

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

Wards Affected: N/A

All

For further information please contact the author of the report

Background Papers:

Documents referred to include back catalogues of Council Plans and the Resources Monitor year end report for 06/07, and Monitor 1 2007/08 outturn report for finance and performance.

Annexes:

Annex 1 – Service Plan monitoring reports

Annex 2 – Revenue variances schedule

Annex 3 – Resources performance tables

Annex 4 – Capital variances schedule