

Report of the Cabinet Member for Corporate Services

2012-13 Performance and Finance Monitor 3

Purpose

1. The purpose of this report is to set out the performance of the Council in delivering its Council Plan priorities and report progress on delivering the revenue budget, covering the period 1 October 2012 to 31 December 2012. The report sets out headline performance in the delivery of the Council Plan and projected performance against budget.

Summary

2. The effects of the recession and the increasing squeeze on local authority finances has made 2012 a particularly challenging year for the council. Containing spend within budget whilst maintaining service delivery and performance has been more challenging than ever.
3. The government announced in December that the settlement for 2013/14 has been revised to include a further 1% cut in budget for the next financial year. Whilst this has no direct effect on the position for this year, the implications of having to find additional savings by April 2013 requires the council to accelerate existing work and initiate additional changes to enable a balanced budget to be set. All this puts additional pressure on already scarce resources.
4. The impacts of the Welfare Reforms will start to be felt in earnest from April 2013, putting further pressure on the council in its support of the most vulnerable residents. With the UK economy also shrinking by a further 0.3% in the last three months of 2012, there are increasing concerns that the economy could re-enter recession if negative growth is encountered in the first three months of 2013, adding to the challenges that will be faced by the city.
5. York's low council tax and low spend per head compared with other unitary authorities results in a low funding base. As a result, the council has to be rigorously efficient in its use of resources. The Government capping of

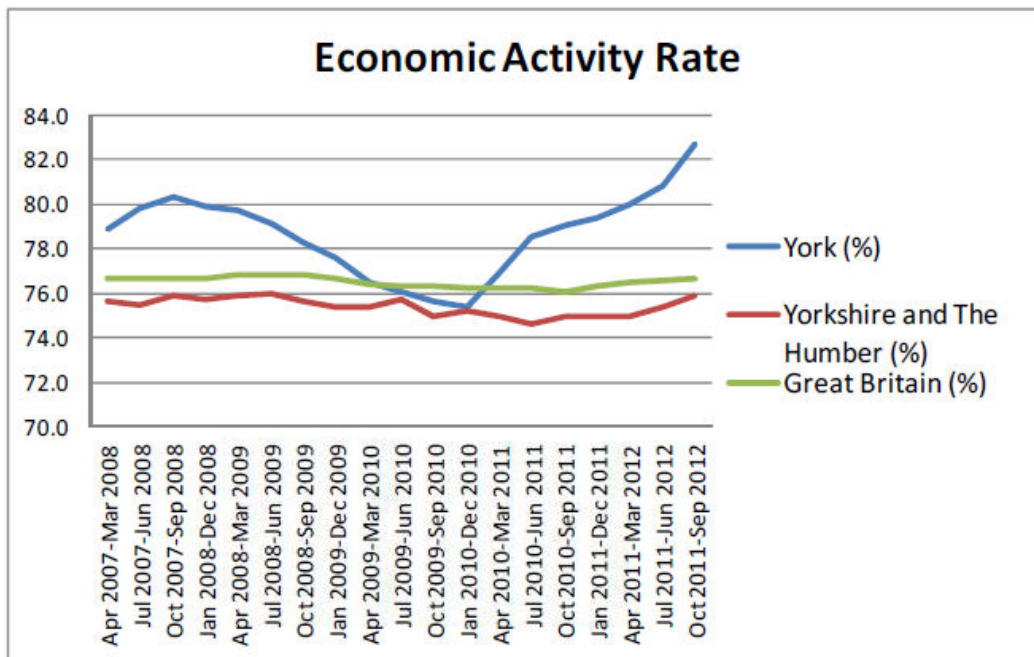
council tax rises at 2% without referendum further restricts the available options when making tough decisions about maintaining services.

6. Despite this challenging context, York and its partners have delivered significant successes in 2012 and maintained strong performance in key areas, including:
 - York has attracted around 800 new jobs to the city this year
 - Workforce skills are ranked 3rd best out of 64 cities.
 - Jobseeker numbers are still well below regional and national averages
 - Resident wage levels being lifted above the national average.
 - Reablement Service overachieving its targets whilst reducing costs.
 - The 'attainment gap' at both Key Stage 2 and Key Stage 4 is falling
 - Reduction in crime predicted to be a further 9.5% this year
7. Significant progress has been made over the last six months to implement mitigation strategies for reducing spend this year. As a result, since Monitor 2 the forecast pressures to have so far reduced by a further £800k and currently stand at £1.7m. Continued action and monitoring is needed to ensure these mitigation strategies continue to deliver the anticipated savings. This extensive work will continue to ensure that the remaining pressures are mitigated by the end of the financial year and that the revenue budget of the council is balanced.

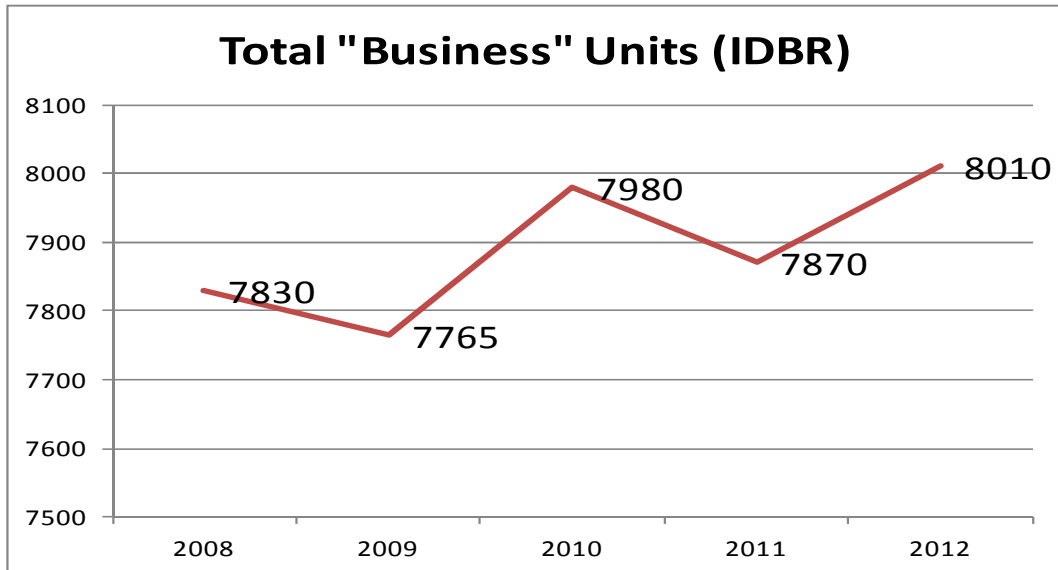
Council Plan Performance & Delivery

Create Jobs & Grow the Economy

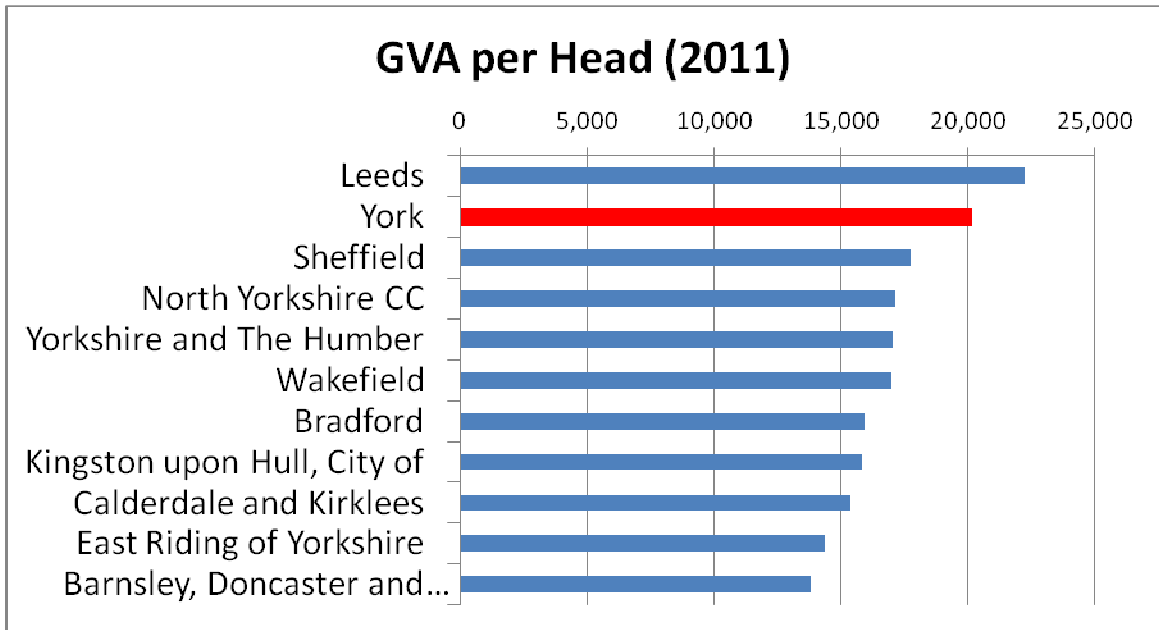
8. This is a priority for the council and is core to ensuring the sustained prosperity of the city and the financial security of the authority. The Global, European and National economic picture is still a fragile one, with the Office for Budgetary Responsibility cutting the UK growth forecasts for the near future and extending the current period of austerity.
9. However, even with a relatively bleak national backdrop, York's economy continues to perform well against the regional and national picture, with stronger than average employment, wage and business growth. York does still have some challenges around the lower paid, part-time employment levels and productivity (GVA) per head and these areas will be the focus of some coordinated work over the coming months to support those most at risk of financial hardship and in-work poverty.
10. The city's economic activity rate illustrates the overall economic picture for the city, performing well in comparison to the regional and national picture.



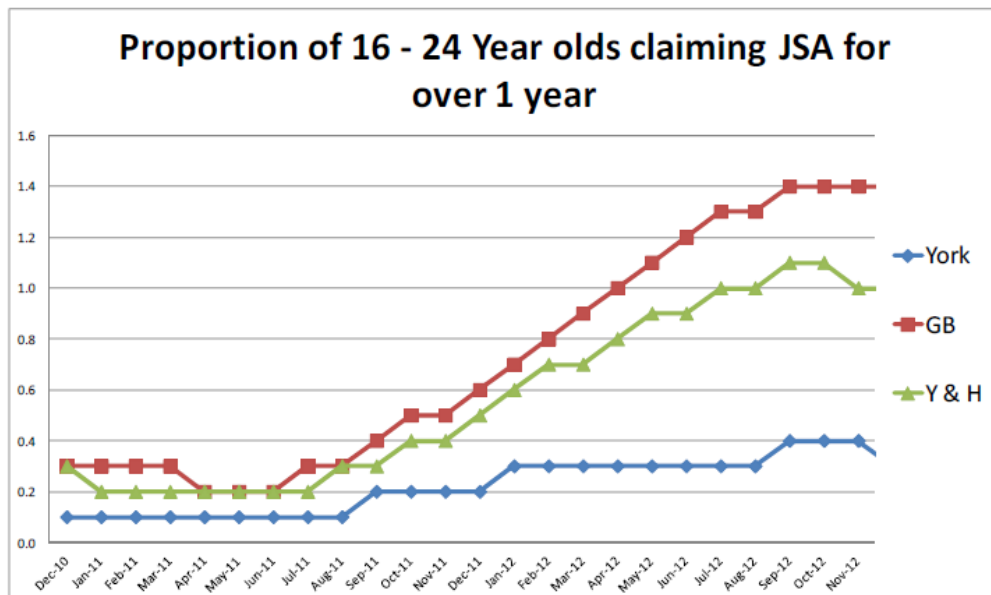
11. The recent release of the 2012 Business Units Data (ONS) is also showing positive signs for York. The city has seen an increase in local Business Units from 7,870 in 2011 to 8,010 in 2012. The ONS Business Demography data also shows an improvement on Business Survival Rates in York, performing better than the regional and national averages.



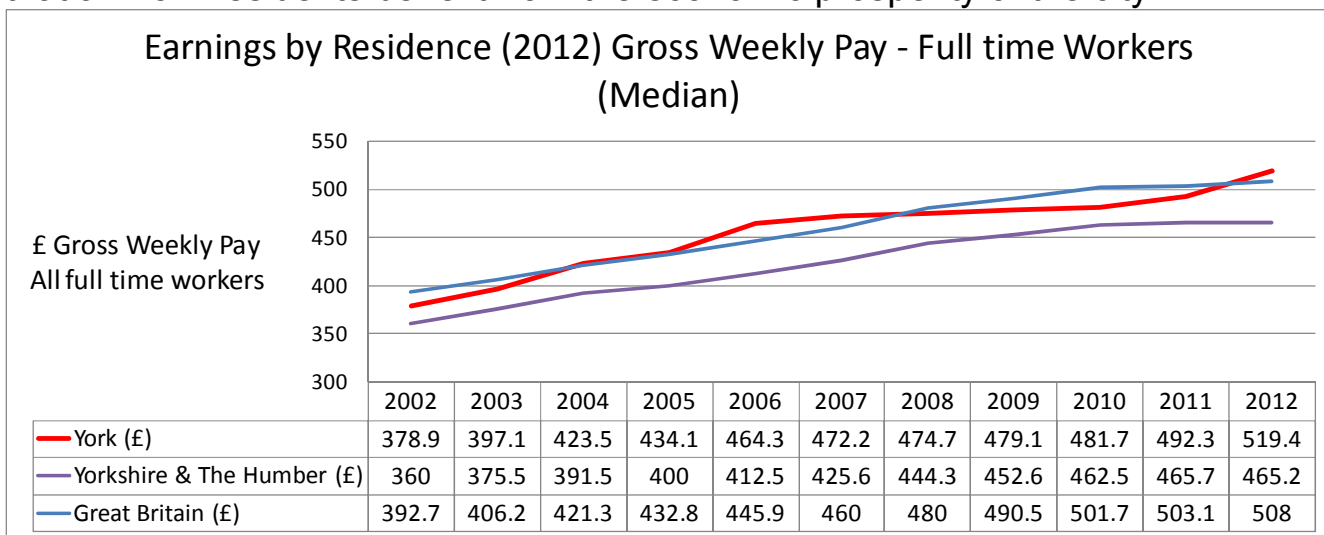
12. The latest productivity (GVA) data per head indicates York's residents have the second highest GVA per head in the region (after Leeds), and well above the regional value.



13. In employment terms, York's economy continues to perform well. Latest figures show that York's unemployment rate was 2.1% in December (JSA claimants) whilst national & regional rates are at much higher levels (3.7% and 4.7% respectively). This represents a continuation of the trend over the last two years of York positively increasing the gap between our local unemployment rate and the regional/national rate. York's percentage of its population on JSA is now on a downward trend and is the lowest number in four years.
14. Whilst youth unemployment still remains a challenge, long term youth unemployment (16-24 year-olds) has now levelled off locally and has remained stable at 0.4% from September, and has fallen to 0.3% in December – well below the national & regional figures (currently 1.0% and 1.4%). However these are the highest rates the local authority has seen in recent times and work is ongoing to address this.



15. Housing availability continues to be a challenge for York but the Get York Building Programme is strengthening and positive effects are starting to be seen. In the six months to September 2012 there have been 295 net housing completions and based on information from developers and landowners we estimate that net completions for the whole of the 2012/13 financial year will be in the region of 450-500 completions.
16. However, despite this positive activity, the target to increase the number of affordable homes by 126 is not predicted to be met in year (current forecast 102). Work continues to move on development sites (such as Hungate) in the present challenging market conditions.
17. For the first time since 2007, average earnings for full time workers resident in York have risen above the national average and the gap between York and the region has also increased since 2011. Average earnings for those working in jobs in York have also increased and York now sits second highest in the region for workplace pay, an improvement since 2011 which shows significant progress in this area.
18. However, some clear challenges are emerging with regard to part-time pay rates and wage levels for the lowest paid full time workers – a redefined programme of work is being developed to address these issues and ensure that all York residents benefit from the economic prosperity of the city.



19. In terms of city centre shop vacancies, the shift seen over Q3 is small, but is still a month-on-month reduction over the three months to December. The percentage of vacant city centre shops now stands at 6.11% (as at 1/1/2013). The percentage of vacant shops at the top of the economic cycle in the city centre sat between 5-6%.

20. Footfall in the city centre through Q3 has weakened, with the average year to date in December 2012 being down by 5.6%, this compares to other Historic Towns and Cities down by 4.6% and All Towns and Cities down by 3.4%. Footfall is also down by 7% at the Visitor Information Centre, and the major tourist attractions. This is also reflected in a decrease in car parking transactions and Coach Parking. Bus journeys originating within the area are down by 11% between April and October 2012 compared to the same time period in 2011.
21. The recent set of economic figures released by the Centre for Cities, reinforces that York's strong position nationally, with top ten performance in 9 of the indicators, improvements in performance in 11 indicators (since 2012). The report also confirms the city's challenges around increasing housing supply and business start-ups, highlighting why the York Economic Strategy and |Get York Building programme are so important to the city's development in the coming months and years.
22. The York Economic Strategy is finalised and a delivery plan is now being taken forward to achieve its objectives and Q3 has seen good progress, including:
 - Holding York's second annual business conference
 - Secured a deal with Hiscox to bring 300-500 jobs to the city.
 - Leeds Bradford to Heathrow connection established
 - Commitment made to investing c. £3.5m through Reinvigorate York programme to provide a city centre fit for business
 - Achieved funding for enhanced broadband coverage and wifi through the Super Connected Cities bid and development of the York Core network with City Fibre Holdings
 - Delivered clear proposals for the expansion of Park and Ride
 - Investment agreed in principle for Newgate Market which will improve the offer and potentially enable the development of evening markets
 - Development & agreement of financial inclusion strategy
 - Jobs Fair, attracting 1500 attendees.
23. Working in partnership with other organisations in the region and led by Welcome to Yorkshire, York had a significant role in securing Le Grand Départ of the Tour de France 2014 for Yorkshire. It has now been confirmed that York will host the start of Day 2. The Tour de France has an estimated global audience of 3.5 billion and economic benefit for the region is estimated at £100m and will bring significant benefits to the York economy in 2014.

Get York Moving

Rail:

24. The Leader and Chief Executive, with representatives of other East Coast mainline (ECML) local authorities, met the Minister of State for Transport on 11th December to press the business case for further investment to improve ECML capacity, reliability and connectivity.
25. Network Rail announced in January investment proposals of £1 billion in new infrastructure and a further £3 billion on operating, renewing and maintaining existing infrastructure on the London North East (LNE) Route from London to Scotland through Yorkshire. York's new Route Operating Centre (ROC), which is expected to employ 475 people and be completed in March 2013, will be central to an overhaul of signalling on the LNE route. York will benefit through jobs being relocated to the city. The proposals also include £179 million on the electrification of TransPennine routes, as well as electrifying the line between Selby and Micklefield to join up with the East Coast Mainline. A further £240 million is to be spent on addressing key bottlenecks on the East Coast Mainline.

Cycling and Walking:

26. The announcement of Day 2 of Le Tour de France starting from York provides significant opportunity for boosting York's already strong cycling culture. The Chief Executive has been appointed senior legacy lead for the region and York will use the event to increase interest and participation in cycling.
27. Phase one of the Clifton Moor cycle and pedestrian improvements between Hurricane Way and Stirling Road is planned to be completed by the end of March. The scheme to develop an outer connecting cycling route in Haxby and Clifton Moor will be delayed, but is still within the Local Sustainability Transport Fund (LSTF) timescales.

Traffic:

28. Access York Phase 1 is progressing, with a new bus planned for Boroughbridge Road. This will enable buses and taxis quicker access into the City Centre and will support the new Park and Ride at Poppleton. Negotiations are ongoing on bus operator procurement and a proposal will be confirmed before a submission for final approval to the DfT in January.
29. The final report on the business case for the freight consolidation centre was received in December 2012 and is currently being reviewed. The next stage will be to undertake a feasibility study to be completed by June 2013, with delivery anticipated in March 2014.

30. Foot street hours are to be extended by an additional 10½ hours per week. This is an 'experimental traffic regulation order' of up to 18 months and would see the pedestrianised zones enforced from 10.30am - 5:00pm every day in order to encourage visitors and residents to stay in the city centre longer and to support the night time economy.
31. Work is underway to reduce through traffic in the city centre. With options being developed for February 2013 to outline modelling results and proposals for taking the scheme forward. As part of the street clutter rationalisation, the first batch of bollards has been removed from the city centre.
32. The business travel planning network was launched in December 2012 with a travel planning conference and contact has been established with 80 businesses. Bids have been received from these businesses for match funding, enquiries received for more information on sustainable travel initiatives and enquires from more businesses to join the network.

Bus Travel:

33. The number of bus journeys originating in the authority area (excluding P&R) are down on the same point last year, but are provisional and subject to change. This continues a trend for declining numbers from the previous year. In contrast the number of journeys on Park & Ride services are 11% up on last year. All data is provisional until validated in May 2013.
34. The Cabinet Member for Transport agreed to the re-tendering of services on several routes in January. It was also agreed to work with First Group, Coastliner and other York bus operators to increase the number of people using bus services and to deliver reliability improvements across their services.
35. The next stage in refreshing the Quality Bus Partnership (QBP) and Network review is underway but will roll over into 2013/14 due to reductions in funding in 2012/13, with a likely completion date of December 2014. An overhaul of bus information is underway, including audio-visual displays and Braille and is on track for delivering in March 2013.

Build Strong Communities

Community Engagement:

36. The community engagement strategy is being developed to enable residents to be more involved in priority setting and problem solving in their communities and to help them shape the services they receive.

37. TANG Hall has been selected as a Big Local Area by the Big Lottery Fund's Big Local Programme. The area secured £1m over the next 10 years to invest in projects and schemes that will enhance the local area and improve the quality of life for its residents.

Stronger Voluntary Sector:

38. The Council Management Team recently endorsed a commitment to support employees who want to offer their time and skills to volunteer in the community, with all council employees being eligible to request one day's paid leave per annum for volunteering work.

Safer Inclusive Communities:

39. The York Equality Scheme, "A Fairer York" was launched in December 2012 setting out a vision for an equal, inclusive and welcoming council and city. The scheme focuses on how the council will ensure that everyone enjoys the excellent quality of life York offers and will help councillors and officers manage council business so that residents, visitors, customers and staff can all enjoy good life outcomes, regardless of who they are and the opportunities and challenges that they face.
40. A key action within the scheme was to increase the number of pitches for Gypsy and Travellers and the Homes and Communities Agency have approved funding to expand the Osbaldwick gypsy and traveller site. A draft Gypsy and Traveller strategy is in development and has been informed by consultation events undertaken in November and December 2012.
41. Total crime in York dropped by 10% (1623 crimes) in 2011-12 compared to 2010-11. The first seven months of data available from Iqanta suggest that crime continues to reduce and at present the reduction is predicted to be between 5 and 10%. Public Protection have exceeded their target for cold-calling zones with 263 zones in place and a further 12 are due by March 2013.
42. Anti Social Behaviour officers across North Yorkshire agreed to develop a North Yorkshire-wide 'community call for action' plan to allow members of the public to trigger a review of an anti-social behaviour case. The Community Trigger will give victims and communities the right to require agencies to deal with persistent anti-social behaviour that has previously been ignored.

Healthy Sustainable Communities:

43. Further consultation is underway on the Health and Wellbeing Strategy, to support its completion by March 2013. The strategy will set out the priorities and actions for improving the population's health and wellbeing for the next three years and draws on extensive consultation with stakeholders over the summer and evidence from the city's Joint Strategic

Needs Assessment 2012 (JSNA). The five key priorities have been identified as:

- Making York a great place for older people to live
- Reducing health inequalities
- Improving mental health and intervening early
- Enabling all children and young people to have the best start in life
- Creating a financially sustainable local health and wellbeing system

44. The Active York Strategy is currently in draft format and is due for sign off by the Active York board members at the next partnership meeting. A paper outlining the action plans and seeking the council's commitment to the strategy will be presented to Cabinet on completion. Funding of £252,705 from the National Lottery (Sport England's "Inclusive Sport Fund") has also been secured by the Sport and active leisure team to maintain provision of sport and physical activity opportunities for disabled people and those with long term medical conditions in York.
45. The council and city partners have commissioned a national charity to launch England's first Recovery College to support people overcoming alcohol and substance misuse. Modelled on a successful community project run in Glasgow, the Wired into Recovery charity trains people who are successfully recovering from addiction to support others going through the recovery process. York's Recovery College will be led by volunteer graduates of the Glasgow college who have themselves recovered and are now in paid employment.
46. The number of people sleeping rough in York (as recorded on one night in December) has increased significantly from last years figure of 2 to 8. This increase is in line with the national trends in homelessness: national homeless charities advise that the number of people sleeping rough in England has increased, underlining fears that spending cuts and recession are driving up levels of homelessness.
47. The number of homeless households living in temporary accommodation is also increasing (109 vs. 99 last quarter), also reflecting national trends in the current challenging economic climate. A refresh of the Homeless Strategy is underway to tackle issues presented by homelessness and the No Second Night Out pilot is up and running with the primary accommodation providers offering emergency beds to rough sleepers.
48. There are also challenges relating to rent arrears for current tenants (up to 2.98% compared to 2.1% for the same period last year) and the percentage of tenants evicted due to arrears has also been increasing (25 evictions compared to 12).

49. To help mitigate the impact of welfare reform two new Money and Employment Advisors have recently been appointed. Their priority will be to visit customers affected by the bedroom tax being introduced April 2013. The Advisors will also help customers prepare for Universal Credit alongside CAB who are offering debt and benefit outreach services.

Create Communities where young people flourish:

50. Youth Support Services were awarded one of 12 Youth Innovation Zone (YIZ) grants to establish a new Youth Sector Partnership in the City. The Partnership will bring together youth work providers from the statutory, voluntary, community, uniformed and faith sectors. Members of the play team are supporting the YIZ by working with young people to develop a website.
51. The Shine programme has increased the number of places (over 50,000) and activities (almost 400) available in the period April - December compared to last year. The number of views of the Shine webpage, and number of new cultural providers registered on the website have also increased this year. The first Shine awards were launched by the Lord Mayor in October 2012 to recognise and celebrate the achievements of children and young people between the ages of 5 to 14 around York.

Improved Community Infrastructure:

52. The Get York Building Programme continues, as mentioned above, and is driving up the progress on increasing housing supply in the city. The recent increase in affordable housing is welcome and this programme should see further improvements in this area over the coming year.
53. Cabinet have agreed the development of a business plan for a potential community benefit society for the Council's libraries and archive services and £100,000 of government funding has been secured to assist with this.
54. The procurement phase for the Community Stadium has commenced, which is expected to last 15 months with the contract to be awarded in November 2013.

Protect the Environment

Waste

55. Waste targets for residual household waste and recycling look unlikely to meet targets set for this year. Although the overall residual levels of waste have come down the proportion sent to landfill is forecast to increase. National data for 2012/13 shows York to be underperforming against regional or national averages. York ranks 13th in the Yorkshire and

Humber for Residual household waste and 260th in England, both slipping places from the previous year (12th and 252nd).

56. The total landfill tax position has improved since Q2, with the forecast for household landfill tax reducing from £3,102,080 in Q2 to £2,979,840 (£122,240) in Q3. However, this is still a 12.5% increase on the previous year.
57. The kerbside recycling improvement project is underway. Cabinet have approved the approach and the deadline for completion is April 2013. The review of the Waste Strategy is still being finalised as it was dependent on the outcome of the recent PFI planning decision.

Climate Change

58. Setting up the Green Deal has been delayed due to the decision being referred to LCR Green Economics Panel for scrutiny. Whilst this isn't expected to cause long term problems, other dependant activities have consequently also been delayed. The LCR model remains the most developed option for York, and may result in 615 – 1,230 homes being offered a Green Deal in the first three years of the scheme through a preferred LCR Green Deal Provider.
59. Working closely with partners, the council has successfully secured three streams of DECC funding:
 - £123,000 government funding to trial installing insulation for solid walls. This will test key elements of the new Green Deal framework.
 - £447,000 to install heating systems and insulation in the homes of vulnerable residents in York and N. Yorkshire who are struggling with rising energy bills
 - £300,000 to pilot six community energy collective switching schemes in the region (including one pilot for York). The pilot will set up a club to encourage residents to work together to switch energy suppliers and find a better energy tariff.
60. To help reduce the council's carbon footprint and costs, a new council-wide Pool Car scheme has been launched and CYC is on target to deliver the Carbon Management Programme target of 25% reduction in emissions by end March 2013. The Green Audit has been completed with projects identified to deliver up to 445t CO₂ of savings. Work is now underway looking at feasibility for these projects.
61. CERT funding has been extended until February 2013 and the council has worked hard with the Yorkshire Energy Partnership to ensure that York Residents can take full advantage of the available funding. The scheme (Wrapping up York) is being promoted by the Yorkshire Energy Partnership

and York private sector householders have received 1205 measures. This equates to more than £341k worth of funding which has been drawn down. Nearly 1100 customers have made referrals following an advert in Your Voice in November 2012. It is anticipated that as a result a further 700 measures will be installed in to customers' homes.

62. Work to create an eco-district at British Sugar including more affordable housing has now been recommenced by the applicant. Workshops were held early November to create timetables for application/development.

Natural and Built Environment

63. The completion of 124 new student homes on Brownfield sites on Hull Road in September has had a significant positive effect on both the net additional homes and the proportion on previously developed land (76% vs. 69% last year).
64. The Strategic Flood Risk Assessment (SFRA) is being updated and work is ongoing on the Land Flood Risk Strategy. As part of our emergency flood response, teams worked collaboratively around the clock to keep York open for business, including sandbagging and pumping rising flood waters away from homes. In December Cabinet approved the Surface Water Management Plan, funding investigations helping to understand surface water issues and to carry out essential repairs and maintenance on a scheduled basis.

Air Quality

65. The Low Emission Strategy (LES) was agreed by Cabinet October 2012. This is a package of additional measures to help reduce emissions to air, based on using low emission fuels and technologies. It's main focus will be to transform York into a nationally acclaimed low emission city and the Air Quality Action Plan to deliver the changes is now underway, alongside a marketing strategy.
66. York has made a successful bid to DEFRA for a grant to tackle air pollution. York will receive £94,490 to put towards the implementation of Low Emission Strategy measures and £54,490 for assessing the impact of these and other transport measures. The funding will be used to raise awareness of the health impact of air pollution and promote the use of low-emission vehicles and taxis, to residents.
67. The development of an electric vehicle recharging network is progressing with the Council set to order two trial cars in January. Electric vehicle (EV) charging points are being rolled out at the new Park and Ride sites and various locations through the planning process. Charging points are also being installed at Council car parks and existing Park and Ride sites. This

will give York the first three phase AC charging Pay-As-You-Go network in the country.

Protect Vulnerable People

Increased support for early intervention and prevention:

68. The Reablement service is now providing double the face to face contact since March and 70% of customers are leaving the service with lower, or no support package (exceeding the of target 60%). The Reablement contract has also been re-negotiated, leading to efficiency savings of £213K per annum.

Resource Allocation System:

69. Numbers of Personal budgets remains steady and above the Government's new target of 70% (73.11% in December). Customer Contribution Policy was revised and agreed by Cabinet Member in December 2012 and the testing of the new tool for allocating indicative personal budgets is underway.

Joined up Working with Health:

70. Development days are underway for new Neighbourhood Care Teams (including CYC staff) to deliver integrated working around GP practice clusters. Numbers being supported to leave hospital safely are still high, with a peak in November of an additional 40 referrals compared to October.

Elderly Persons Homes:

71. Six of the seven council homes have now been inspected and all are compliant with the regulations. The review of accommodation is ongoing, looking at the future of elderly care provided within the city.

Admissions - Permanent (65+):

72. From a good position in Q2 there has been an increase in admissions to EPHs over the winter months. A number of factors may be causing this, including increased frailty for people discharged from hospital, a push from mental health colleagues to reduce non-acute delayed discharges in mental health units and budget controls to ensure the most cost effective support is offered to people needing 24 hour care.

Looked After Children & Children's Social Care:

73. The LAC Support Service commenced operation on 3 December 2012 as planned, under the supervision of a newly appointed practice manager and indications of early cost savings are already being seen. Whilst the number of Looked After Children has increased by 7 in Q3 to 253 there are indications that early intervention work is having an impact, with a

significant reduction in new entrants to case, and a third less legal applications, so it is expected that numbers will reduce again by April.

74. In the past year there had also been a concern around the numbers of children in care with more than 3+ moves but Q3 figures are now in line with the target, reflecting attention to short term placement stability.
75. The latest available NEET rate continues to perform very well, with notable reductions of young people NEET after Yr 11 and leaving Danesgate, although there is still a challenge around Learner with Learning Difficulties or Disabilities NEET.
76. The Integrated family Support Service (IFS) project is fully up and running. They are now engaged with over 100 Families, many of whom are eligible for funding through the 'Troubled Families' Payment by Results scheme. Overall child poverty has also reduced by 0.4%, equivalent to 130 children.

Schools:

77. The gap between children eligible for Free School Meals those not has narrowed at both KS2 and KS4 in 2012. KS2 L4+ in English and maths combined, gap narrowed from 33% in 2011 to 27% in 2012, but recent data places York in the bottom quartile.
78. Danesgate have received an improved outcome from their recent Ofsted inspection, moving from 'Satisfactory' to 'Good'. Nine primary schools were inspected by Ofsted, with five moving out of 'Requiring Improvement' to 'Good'. All these schools served the more deprived areas of York, showing an increase in education provision for those who have more need.
79. All parents of year 8 and year 9 pupils leaving Burnholme received their 1st preference of new school.

Finance Monitor

80. There is strong evidence that York is performing well in delivering its priorities but financial performance is challenging. Following the extensive £21m savings programme in the 2011-12 budget, the 2012-13 budget requires a further £10.75m of savings in order to reach a balanced position. The forecasts outlined in this report reflect a prudent view of how that challenge is currently being met.
81. During the period of the governments deficit reduction programme in particular, when large savings programmes are being implemented, the in year monitoring reports have consistently predicted a continued significant

level of financial pressures which have been successfully addressed during the year resulting in a balanced end of year position.

82. The council's net General Fund budget for 2012-13 is just over £122m. An overview of the finance forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Directorate	2012/13 Net Budget	Reworked 2011/12 Outturn	Monitor 2 position	Latest forecast	Movement
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	70,335	+1,523	+2,948	+2,678	-270
City & Environmental Services	20,129	+140	+673	+894	+221
Communities & Neighbourhoods	15,243	+212	+525	+232	-293
Customer & Business Support Services	18,144	-367	-	-200	-200
Office of the Chief Executive	2,864	-90	-	-	-
DIRECTORATE BUDGETS	126,716	+1,418	+4,146	+3,604	-542
Central Budgets	-4,481	-1,767	-1,633	-1,883	-250
GROSS BUDGET	122,235	-349	+2,513	+1,721	-792

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

Table 1: Finance Overview

83. The mid year forecasts indicate that the council faces financial pressures of £1,721k, an improvement of £792k compared to the £2,513k reported at monitor 2.
84. This improvement is as a result of the mitigation strategies identified and outlined under each Directorate heading in the following sections. These proposals are not without risk as, clearly, the financial position of the health sector or severe weather over the winter months could increase pressure on a number of budgets. However, Council Management Team will continue to monitor the financial position alongside the delivery of mitigating savings with a view to containing the pressures within the overall approved budget for the council.
85. Evidence from other authorities shows that many councils are experiencing either the same or greater level of financial pressures at this point.

Directorate Financial Performance

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

Adults, Children & Education

87. The Adults, Children and Education directorate is reporting mid-year financial pressures of £2,678k, an improvement of £270k since Monitor 1. The pressures are split between Adult Social Services (£2,216k) and Children's Services (£482k). There was growth of £2,000k included in the Adult and Children's Social Care budgets for 2012/13 but despite this it remains challenging to address the increase in demand for services.

Adult Social Care

88. Pressure on Adult Social Care budgets is, of course, very much a national and a topical issue. In the last couple of months, one Council (Barnet) has attracted national publicity for publishing a graph that shows that within 20 years, its entire budget will be swallowed up by social care costs. The LGA has also conducted a more recent modelling exercise that predicts a 29% shortfall between revenue and spending pressures by the end of the decade.
89. A further piece of work by the LGA indicated that Adult Care costs for York could increase 33% by 2020 and that being the case, even with a 2% increase in council tax each year, Adult Care would still account for half the council's expenditure in the 2019/20 financial year.
90. The latest figures for demographic trends indicate that there has been an increase of over 30% in the number of over 85's between the 2001 and 2011 census data. Further projections indicate a further 9% increase in over 85's by 2015 and 21% by 2020 with a 35% increase in over 90's by 2020. This means not just an increase in the numbers of older people requiring care, but also more people having complex and more costly care needs for longer periods of time.
91. The strategy to address these trends and their incumbent pressures has been to develop early interventions that address needs early and prevent the escalation into more complex care needs and more expensive care packages. As a result, over the last three years an extra 1100 people now receive social care support which exactly matches the growth in the number of people supported by telecare or in receipt of community equipment alone. Whilst the total number of people supported by social care packages is not increasing, those that have a care package have more complex needs and so the costs of the packages are increasing. Local health provision is under strain and increasingly social care is being asked to support people who would previously have received health care support. With developments in medical science young people with complex needs are living for longer and moving from children's services to adult

services, where they can need intensive support to keep them safe and able to live a full life. 35 young people have moved from children's to adult services in the last 2 years, which is a trend we would not have seen even 5 years ago.

92. There is also a shared ambition across local government and health agencies to see health care delivered closer to home. This is underlined in York by the need to work as a community to address the budget deficit within the local health care system. The North Yorkshire and York Review highlighted the need for more joined up working and the need to reduce hospital admissions and lengths of stay. This approach does mean that more people will require social care support and this is currently an area of major concern as early discharge from hospital leads to people with complex care needs requiring very expensive care within their community.
93. The council has seen increasing numbers referred from the hospital for discharge support over the last two years:
 - a. Average of 125 a month in 2010-11
 - b. Average of 135 a month 2011-12 and this trend is continuing
94. People are leaving hospital on average 7 days earlier this year. This means that they require more social care for longer. This is a positive indicator for delivery of the care closer to home strategy, but progress in one part of the system brings pressures in other parts. Top level discussions are taking place with the GP commissioners and the Hospital Trust to consider this problem and seek mitigations.
95. Homecare – The Homecare service has been substantially redesigned and has been successful in signposting customers with low level needs to other forms of provision. This has meant that the number of customers has remained stable despite the growth in the number of potential customers, but it does also mean that the customers receiving the service have more complex needs. This is one reason why, despite unit costs going down following the outsourcing of the service weekly, spend on our home care contracts has increased from £54k a week in July 2011 to £82k a week in November 2012. In March 2011 there were 553 customers receiving an average 7 hours per week of home care. There are currently 720 customers on the tiered contracts receiving an average of 8 hours per week. This results in a forecast financial pressure of some £2,891k.
96. Residential and Nursing Care - The number of admissions to care homes has increased (see para 71). The increasing ability to support people at home for longer means people are needing more intensive support as they enter care homes. This is leading to higher costs in nursing homes and, for some residents, additional 1:1 support to keep them safe. In addition,

unbudgeted fee increases of 1% have been approved in April and October. All these factors have resulted in a forecast financial pressure of £197k.

97. Demographic pressures are also evident in Adult Transport with a forecast overspend of £224k.
98. Vacancies in small day services (£209k) and a range of other minor variations help offset the overall forecast Adult Services overspend.

Children Services

99. The strategy in York has been to invest in preventative services and to support greater early intervention in the belief that this will lead to a reduction in the overall population of young people in care over time. There are some encouraging signs that that this approach is succeeding, with the intake having reduced since it's 2007-9 peak with approximately 20% fewer over 2009-11 than over 2007-9 and some 25% fewer admissions in April-July 2012 than in same four months of 2011.
100. New services have been introduced which are impacting upon the increased number of cases being seen associated with drug and alcohol misuse and domestic violence and our greater targeting of support and the expansion of services such as intensive family support teams specifically aimed at those on the edge of care, give ground for further optimism. We also know that the new front door arrangements are supporting early interventions, coordinated across multiple agencies.
101. However, the financial pressure on the budget for children's services has continued into 2012/13, despite the additional resources of £500k provided in this year's budget. The current pressure reflects various costs associated with the increase in the total number of looked after children which had stood at 253 by the end of the third quarter.
102. Most notably, local foster placements have increased from 174 to 179 (£165k) and Independent Fostering Agency placements have increased from 13 to 16 (£146k). This has had a corresponding impact on support budgets, including staffing (£273k), leaving care costs (£82k), legal fees (£21k) and adoption agency fees (£78k).
103. The Council does continue to benefit from our ability to retain the significant majority of placements in local high quality family settings – compared to authorities with 30% of placements with (more expensive) Independent Fostering Agencies, York continues to have less than 10% in such placements.

104. Overall, our target of safely reducing the care population by the end of 2013/14 is ambitious but appears to be deliverable given the performance in relation to early intervention and managing those on the edge of care.
105. A higher than expected LACSEG Academy refund (£397k) helps offset the forecast overspend.

Adults, Children and Education Mitigation Options

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

City & Environmental Services

115. The City & Environmental Services directorate is reporting financial pressures of £894k, a deterioration of £221k since Monitor 2.
116. The costs of the recent significant flooding events during the period October to December has resulted in additional costs for the directorate of an estimated £210k. These costs include the filling and distribution of sandbags as well as provision of labour to support the flood relief effort.
117. A number of pressures exist across the Highways, Waste & Fleet service. Savings proposals are being developed to deliver these but in the meantime there is a shortfall in Commercial Waste income (£447k). Savings identified for 2012/13 around changes to terms and conditions, increases in productivity, waste round rationalisation, Household Waste Recycling Centre policy and garden waste collections are yet to be delivered but are offset by a range of one off underspends (£52k), as well as unachieved savings from previous years related to the Fleet Review, Agency Staff, Area Based Working, Internal Trading and Procurement (£436k).
118. Work is ongoing to deliver these savings within Highways, Waste and Fleet as the service is modernised however it is acknowledged that they will not be fully delivered until later financial years and in the meantime compensatory savings have been identified across the directorate.
119. Elsewhere in the Directorate there is a shortfall in Building Control and Land Charges income (£263k), however this is being offset by holding vacancies in the service area (£151k). There is also a £245k shortfall in parking income which has been impacted by recent bad weather, the continued effects of the economic downturn and the temporary closure of the Haymarket car park whilst archaeological works were undertaken. This has been offset by savings on the cost of Concessionary Fares passes, bus service review and Taxicard usage (£413k).
120. The Council is supporting the ongoing Minster Piazza project with funding of £500k. This is funded by a capital budget agreed at 2012/13 budget council (£250k) and an earmarked revenue reserve £250k agreed by Members in September 2007. The work on the project is capital and it is proposed that the council makes a £250k contribution to the project from the Local Transport Plan in 2012/13 rather than the revenue reserve. This will lead to a reduction in funding available for Local Transport Schemes however will provide mitigation towards the Directorate overspend.

Communities & Neighbourhoods

121. The Communities & Neighbourhoods directorate is forecasting financial pressures of £232k, an improvement of £293k from the monitor 2 report. The majority of the pressures are attributable to unachieved savings from 2011/12. A number of these savings whilst undelivered in 2011/12 will be delivered during 2012/13 as a result of ongoing work.
122. Since the first budget monitor there has been a review of all budgets across the Directorate. Savings have arisen from a combination of strict vacancy controls, cutting back on expenditure on training courses, repairs and maintenance, equipment and transport expenditure. It has also been necessary to cease the use of relief staff at Libraries. It is also proposed that the February version of Shine is only available electronically. Further work is still being undertaken with the aim of bringing the outturn into line with budget.
123. Elsewhere in the directorate, no further significant pressures are being anticipated at this time.

Customer & Business Support Services

124. The Customer & Business Support Services directorate is forecasting an underspend of £200k, compared to a balanced position at monitor 2. This underspend is due to strict cost control on a range of budgets and vacant posts held across the directorate.

Office of the Chief Executive

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

Corporate Budgets

126. These budgets include Treasury Management activity and other corporately held funds and an underspend of £1.8m is forecast.
127. At present, it is anticipated that there will be a £500k underspend due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances and the volatility in financial markets which has allowed for the Council to take advantage of favourable interest rates. Pension strain costs to date have been lower than anticipated in the financial year resulting in an in year underspend of £100k. There is a

saving of £84k on organisation review due to the reduction of 2 Assistant Director posts being achieved earlier than budgeted. Yorwaste have been successful in receiving a refund of some Landfill Tax paid over a number of years, and the council's share of this is £600k.

128. The forecast underspend also assumes that the current contingency of £599k will be fully set aside to meet in year expenditure pressures. This will not be allocated to a particular service at present, but will continue to be held centrally to offset the overall council position.

Dedicated Schools Grant

129. In the DSG area there is a projected underspend of £349k against a budget of £107,405k, primarily due to lower than expected costs related to SEN Out of City Placements. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

Housing Revenue Account (HRA)

130. The current working balance on the HRA is £11,880k and the estimated variance against this is an underspend of £246k, which is due to number of variations across the service, including a number of staff vacancies and increased income from Registered Social Landlords.
131. Following the HRA Self Financing Review, in March 2012 Cabinet agreed a 5 year financial plan. The full HRA Business Plan which sets out details of priorities for the future, including opportunities for using a HRA development fund to support delivery of new council housing is elsewhere on this agenda.
132. Options being considered as part of the Get York Building programme range from commissioning and building new council homes, to utilisation of the HRA to establish joint ventures / Special Purpose Vehicles to work in partnership with private developers to bring forward development of new affordable homes.

Financial Controls

133. The Audit Commission reviews the council's arrangements for securing economy, efficiency and effectiveness on an annual basis. The most recent states that "The Council has generally low service costs per head of population, low management and back office costs and low Council Tax levels, when compared to others. Performance reports, scrutiny reviews

and other reports to members contain comparative information so there is generally a sound awareness of how costs and quality of service compare with others”.

134. Whilst continued determination to control costs from teams across the council should see an improved position as the financial year progresses, further mitigation will need to be identified to contain the expenditure within the approved budget by the end of the financial year. As strategies are identified the reported forecast will be amended in line with the council's stringent financial monitoring, a course of action that has been successful in previous years.
135. Strict expenditure controls are now being put in place across the council, with only very exceptional expenditure being allowed. This includes any spend on filling vacant posts, use of relief staff, training, travel, repairs and maintenance or general supplies and services, unless required for health and safety reasons or to protect vulnerable adults and children. Expenditure will be monitored closely to ensure compliance across all departments.
136. The council's management team will continue to monitor the financial position of the council on a monthly basis with a view to bringing the final outturn in on budget.
137. Should the financial pressures not reduce sufficiently, or proposed mitigation strategies not deliver the improvement required, escalation of the issues will be raised by Director of Customer & Business Support Services to Members outside of the standard reporting schedule.

Reserves

138. The February 2012 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (or 5% of the net budget). As part of that report, it was also agreed that £250k was added to the reserve to provide an appropriate and prudent level of headroom.
139. 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

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

Consultation

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

Council Plan

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

Implications

143. The implications are:

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

Risk Management

144. 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

145. Members are asked to:

- a. Note performance against the council plan
- b. Note the current projected pressures of £1,721k

- c. Approve the strategies in place to mitigate the forecast as outlined in the body of the report

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

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	Report Approved	√	Date 31 January 2012
Wards Affected: All			
<i>For further information please contact the authors of the report</i>			