
Meeting of Executive Member for Corporate Services and Advisory Panel

8 June 2007

Report of the Director of Resources

Resources Directorate Year End Performance And Financial Outturn - 2006/07

Summary

1. This report combines performance and financial information for the Resources Directorate for 2006/07. 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. Performance and financial information has now been reported twice for the Directorate during 2006/07. The last monitor report (December 12th 2006) showed considerable improvement in Directorate performance, and reported a projected £178k underspend (after providing £125k towards corporate budget savings). Overall progress has been good, and targeted improvements have been set in place to ensure that this trend continues.

EXECUTIVE SUMMARY

Director's Overview

3. It has clearly been a good year for Resources performance matters and improvements have been made in almost all performance indicators. Furthermore improved services have been achieved well within approved budgets and an underspend generated which can be returned corporately to be reallocated in future years.
4. I would particularly like to draw attention to key staff indicators such as sickness, and appraisals, both of which have shown considerable improvements.
5. There have been significant improvements in Revenue collection PI's (Performance Indicators) and in benefits, although we still need to make more improvements in this area to increase our PI's in comparison to others.

6. The IT team has maintained, and even improved upon, its already very high standards of customer service and satisfaction and Audit has achieved its workplan and improved its quality.
7. Property has had to contend with a huge capital expenditure and sales programme and has for the first time in recent years got the capital sales programme back on track. More work needs to be done to complete the outstanding capital repairs programme.
8. Overall it has been a very satisfactory year with significant progress being made on our key corporate projects. Easy@York Phase 1 is almost delivered, with a new customer contact centre and a number of services having been systematically reworked and improved.
9. The new office accommodation project is currently on track and significant work has been put into making progress with the FMS (Financial Management System) replacement project and Job Evaluation.
10. Over 90% of the affected staff have signed up for the council's Equal pay compensation scheme and this is well above the level that most other Councils have achieved, despite spending more money than York.
11. In 2007/8 Resources will face a huge number of challenges including taking the Easy project further, designing and planning new offices, the pre implementation stage of the new FMS system, implementing Job Evaluation and managing to improve core services such as revenues and benefits further, whilst at the same time finding further efficiency and other savings to support the Council's overall financial position.
12. It is appropriate that I make reference in this report covering the 2006/07 year to the untimely deaths of three valuable members of Resources staff. These have come as a great shock to the numerous friends, colleagues and family of the staff concerned and have of course impacted upon the work of the department. Colleagues are doing their best to cover the workload, but there is considerable grief for staff members who were widely known across the organisation and who contributed considerably to the success of the department and to the running of the Council.

Financial Overview

13. The table below summarises the outturn position for Resources. This shows net expenditure for the directorate was £3,053k compared to a budget of £4,922k a total underspend of £1,869k. This is a variance of 3.1% compared to the gross budget of £60,122k.

	Expenditure Budget £000	Income Budget £000	Net Budget £000	Provisional Outturn £000	Overspend/ Underspend £000	% Var
Director	351	57	294	275	-19	-5.4
Public Services	37,591	34,664	2,927	2,563	-364	-1.0
Financial Services	2,441	2,308	133	-128	-261	-10.7
Audit & Risk Mgt	3,575	3,602	-27	43	70	1.9
IT&T	5,851	6,114	-263	-1,295	-1,032	-17.6
EASY Project	1,590	541	1,049	793	-256	-16.1
Property Services	8,723	7,914	809	802	-7	-0.1
Resources Total	60,122	55,200	4,922	3,053	-1,869	-3.1

14. The headline underspend of £1,869k is significant however the majority of the underspend is due to project slippage in IT&T and Financial Services (See paragraph 16 below). The key headline variances by service plan area are

- a) Public Services - An underspend of £364k due to a reduced level of Housing Benefits local authority error overpayments resulting in additional grant, increased level of housing benefits overpayments being recovered in year, improvement in the Council Tax benefit position and a reduction in the provision required for bad debt. (See paragraph 48 for further detail)
- b) Financial Services - An underspend of £261k is due to slippage in the resourcing of the replacement FMS project which is now anticipated to be introduced in 2008/09 (£-153k). This is the subject of a carry forward bid. There have also been savings on staffing across the service within the year. (See paragraph 86 for further detail)
- c) Audit & Risk Management – The service area shows a year end overspend of £70k however this is due to the legacy of requiring additional unachievable procurement savings that totalled £58k at year end (an improvement on that anticipated at Monitor 2). The overall Resources underspend has also meant a budgeted venture fund loan to support procurement staffing (£+50k) was not necessary. This reported overspend has been offset by savings totalling £39k elsewhere across the service area. (See paragraph 78 for further detail)
- d) IT&T – The underspend of £1,032k relates to a number of large projects slipping to 2007/08 the two main systems being Social Care system (£-314k) and replacement FMS (£-193k). There were further underspends totalling £299k arising on other IT project slippage/ underspends relating to 60 other projects. (See paragraph 64 onward for further detail)
- e) Easy Project - A £256k underspend arising from slippage on the Easy@york project. This is the subject of a carry forward bid. (See paragraph 72 for further detail)
- f) Property Services – The trading account shows a small year end surplus of £7k this has been made from additional income earned from the Capital Programme (£-28k), commercial rents (£-37k) and following the sale of the

bonding warehouse a provision for backdated rent has not been required (£92k). This has been offset by additional costs of £194k on fees and premises costs of maintaining assets prior to sale. (See paragraph 56 for further detail)

15. Details of all reportable revenue variances are shown in Annex 2.
16. The underspend of £1,869k is overstated due to a number of projects and initiatives resourced for 2006/07 that have either slipped or been deferred. If these are to be completed the funding will need to be carried forward into 2007/08. Paragraph 90 details carry forward requests of £564k primarily relating to the Easy@York project (£256k) and the replacement FMS project (£153k)
17. The directorate has a number of venture fund loans outstanding relating to SX3, Procurement and work undertaken to improve Hospital Fields Road workshops. The balance of the loans at year end total £589k of which budget is available in future years to repay. Given the overall directorate underspend it is possible to repay these loans boosting CYC overall reserves and providing spare budget for future savings within the directorate budget. Further detail is provided in paragraph 91.
18. Following the changes in paragraph 16 the following table shows the summary of the directorate financial position

	£'000
Gross Underspend	1,869
Requested Carry Forwards	-564
Repayment of Venture Loans	-589
Net underspend available to increase council revenue balances	716

Analysis

19. The analysis of performance and achievement for 2006/ 07 is broken down to cover the five elements of Resources and includes performance headlines, headline detail and relevant financial information.

Customer First and Corporate indicators

Staffing indicators

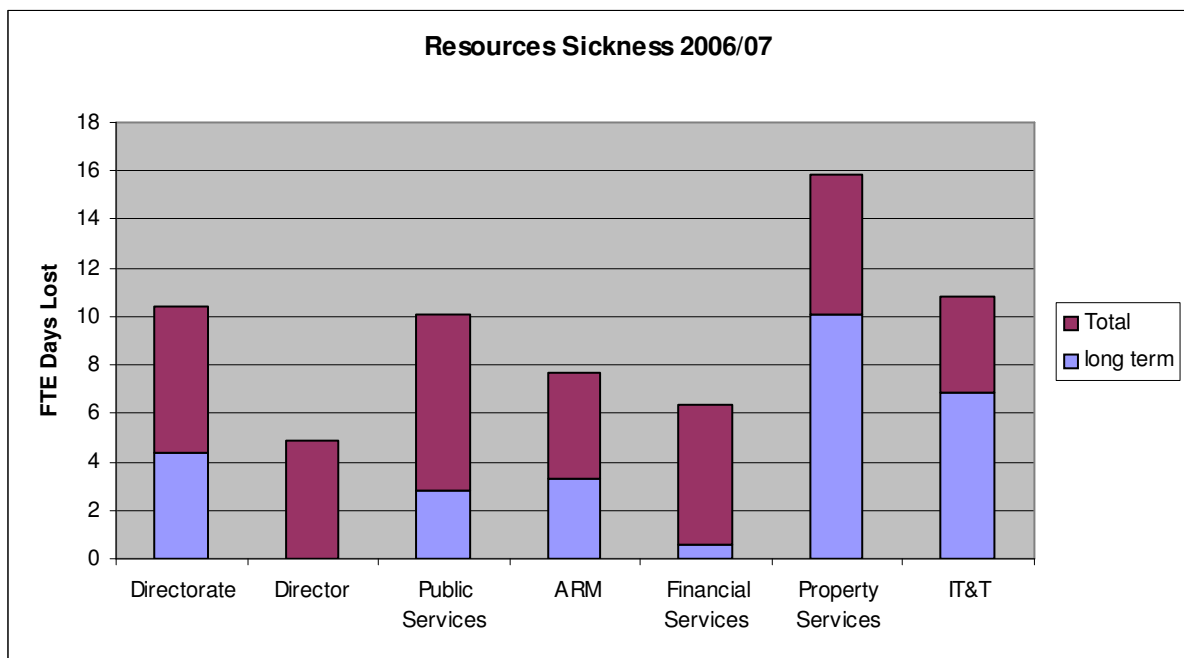
Appraisals:

20. Of the 350 appraisals that should have been carried out for all staff within Resources, 323 have been completed, representing 92% of all appraisals. This is a significant improvement of +17.5% on the 2005/06 figure of 74.48% completed although the outturn is below the target of 100%.

21. There are varying factors as to why the target has not been met, but it is chiefly due to staff on long term sick leave and officers moving to other service areas, thereby altering the beginning of year staff establishment figures. For these reasons, it would not have been possible to meet the 100% target, but figures are nevertheless shown by division in Annex 4.

Staff sickness

22. Sickness is measured across the Council through BVPI 12: The number of working days/ shifts lost to sickness absence.
23. The sickness absence figure for the Directorate as a whole for 2005/ 06 was 9.46 days lost overall, with the proportion of long term sickness at 2.21 days. During 2006/07 the time lost to sickness increased to 10.38 days, but this was swelled by a far higher number of days lost to long term sickness at 4.41 days per FTE. The corporate target for this year was 11.5 days lost per FTE, and this has been achieved
24. Overall, the direction of travel for reducing sickness absence is positive, with 5.97 days lost to short term sickness over the last year as opposed to 7.25 days short term sickness per FTE in 2005/06.
25. The graph showing the number of FTE days lost illustrates how heavily influenced each division has been by long term sickness issues:



26. A huge amount of work has been invested in collating, and checking these figures, as there have been issues with the database mainly relating to changes in staffing structures and part time workers. There is ongoing work both within Resources and corporately to ensure that the management information relating to staff non working time is accurate and useful to help plan service delivery and monitor trends.

Customer First -

Telephone calls

27. 835,422 external calls were made to Resources during 2006/07. Of this figure 606,409 were answered, 88.63% (537,496) of which were answered within 20 seconds.
28. There are clear disparities among the number of calls received across divisions, purely because of the different types of service offered, some of which are not customer facing.
29. The Customer Contact Centre statistics are included within Public Services figures
30. The overall totals per division are:

Division	Answered calls	Answered within 0-20 seconds	% within 0-20 seconds
Director	1,570	1,533	94.11%
Audit and Risk Management	5,590	5,554	98.87%
IT&T	20,808	20,160	96.88%
Property Services	27,362	26,343	93.63%
Public Services	519,824	452,974	87.13%
Finance	31,255	30,932	98.44%
Resources Total	606,409	537,496	88.63%

* Switchboard figures are now reported as part of York Customer Centre under Public Services

Stage 1 and 2 complaints, visitors seen and letters answered:

31. The measures and targets for letters and complaints responded to and visitors seen are as follows:
 - a) The percentage of Stage 2 complaints responded to and the problem solved within 10 working days (Target 95%)
 - b) The percentage of Stage 3 complaints responded to and the problem solved within 10 working days (Target 95%)
 - c) The percentage of letters responded to within 10 working days (Target: 95%)

- d) The percentage of visitors seen by an officer within 10 minutes (Target: 100%)
32. The Directorate had 48,786 visitors during 2006/07, 99.12% of were seen on time. This is a marginal drop from 2005/06 of 0.27% however this is an extremely high level of customer service, especially when considering the volume of customers.
 33. Of these visitors, a further 1,776 needed to see another member of staff, and 100% of this figure were dealt with within 10 minutes. Although the number requiring referral fell slightly from 1,884 in 2005/06, 99.79% were seen within target last year, and a 100% record for 2006/07 is a great achievement.
 34. Resources received 14 Stage 2 complaints and three Stage 3 complaints, all of which were responded to on time, maintaining the 100% record from 2005/06.
 35. Letters responded to in 10 working days fell only fractionally short of the 95% corporate standard. 16,150 letters were received, and 15,319 (94.85%) were responded to within timescale. The numbers dealt with, however were a marked increase from 2005/06 when the Directorate received 10,586 letters, and replied to 86.58% on time. The reflects an extra 5,564 items handled by staff, so to increase the percentage dealt with by 8.27% is a significant accomplishment.
 36. All these results show high or above target performance, and reflect the high level of customer service offered by the Directorate.

Public Services

Performance headlines

37. All the key revenues and benefits performance indicators show a much improved position on the 2005/06 actuals with most outturn figures close to, or exceeding, targets.

BVPI Ref	Description	Actual 2005/06	Target 2006/07	Outturn 2006/07
009	Council Tax collected	96.1%	97.1%	96.8%
010	Business Rates collected	97.0%	98.4%	98.2%
78a	New claims processing (average days)	40 days	34 days	35 days
78b	Changes of circumstances (average days)	28 days	19 days	15 days
79a	Accuracy of processing (sampled)	97.0%	98.35%	97.8%
79bi	HB overpayments recovered (in year)	36.29%	40.0%	70.33%
79bii	HB overpayments recovered (in year and arrears)	17.23%	25%	22.89%

38. Within the Benefits Service, the year on year improvements continue with new claims now being completed within an average of 35 days, improving from 40 days in 2005/06, and the average time taken to process changes of circumstances almost halving from 28 days down to 15 days. Whilst processing has become a lot quicker, accuracy has also improved. This has been achieved despite an increasing workload and no increase in the number of staff and has delivered significant improvements to our customers.
39. A lot of management time and effort has been devoted to analyse and improve our performance relating to benefit overpayments – both in the administration and recovery of these, and whilst this work is ongoing the positive financial impact is demonstrated by increases in the amount of overpayments collected in year from 36% to 70% in 2006/07. Also in the Monitor 2 report we forecast that the level of local authority error benefit overpayments would exceed a lower threshold resulting in a loss of government subsidy. At outturn the indications are that we will now not exceed this threshold which means we receive 100% subsidy on all these overpayments. The full financial impact will not be certain until some additional software fixes are applied and the Audit Commission complete their testing over the summer.
40. The Benefits Service also undertook a customer satisfaction survey as part of the triennial BVPI 80 requirements. The overall satisfaction rating dropped to 64% from 71% in 2003/04. Though this result is disappointing it does reflect national trends in a decline in overall Council satisfaction levels to 51%. When the service receives a detailed analysis of the results an action plan will be drawn up to address, where legislation and resources permit, the issues that our customers have raised.
41. The services provided by the York Customer Centre (YCC) continued to expand with the implementation of the council tax front-line telephone and email services in time for the issue of the annual bills.
42. For the period July 2006 to March 2007 YCC handled 104,276 calls and answered 88.2% of these within 20 seconds.
43. As part of the ongoing improvements in handling customer queries and calls, staff are coached and developed, customer feedback is encouraged and new technology went live in February 2007 with the corporate website re-launch and the use of Customer Relationship Management.
44. Within Council Tax and Business Rates the year on year improvements in recovery rates continues to be achieved. The improvements in Council Tax collection alone resulted in the Council being able to utilise £850,000 from the collection fund surplus to reduce Council Tax bills in 2007/08, with a further small surplus being available for 2008/09.

Performance indicators

45. The table in paragraph 37 highlights seven performance indicators for Public Services, whilst a full list is contained within Annex 3. Many indicators met, or

came close to meeting target. The direction of travel shows an overall improvement from last years performance in eight out of ten measures where the direction of travel can be analysed .

46. BVPI 80 – Benefits satisfaction survey is a triennial indicator.
47. In addition, BVPI 4 – percentage of customers satisfied with the handling of their complaint - was the responsibility of the Chief Executive’s Directorate, but now comes under the remit of Resources following a restructure. Chief Executive’s will provide the 2006/07 actual data, and Resources will provide future target figures for this 3 yearly satisfaction survey based upon that information.

Projects

Work In progress		Update on activities
a	York Customer Centre – transfer of responsibility from <u>easy@york</u> programme	Ongoing transition of operational and service responsibility to Public Services to allow easy programme to concentrate on future development activity.
b	York Customer Centre	Phase 1c (Part 2) of Council Tax in progress where all processes will be handled via CRM. Staff to spend time in back office areas to improve understanding of the end-to-end process and thereby improve service quality. Weekly meetings with service teams to ensure skills and knowledge transfer. Staff working to NVQ Level 3 in Customer Services with accreditations due August 2007.
c	Revenues Service Improvement Work as part of <u>easy@york</u> programme	Currently working on defining the business rules for automation as part of Revenues final solution implementation due in June 2007. Tasks for individual processes to be assigned that will ensure consistency and quality of back office processing.
d	Telephone Direct Debit sign-up	Implementation has been delayed. Subject to training this will go-live in May within the Back Office and in June for the YCC.
e	Benefits Service Improvement Work as part of <u>easy@york</u> programme	Work has commenced on scoping the benefits part of the programme.
f	Benefits Overpayments, subsidy and recovery	Cross-cutting project team looking at all areas of benefits overpayments due to report to Director in June 2007. Training issues need to be resolved over the year, subject to resources.

g	Benefit Take-Up	LPSA target needs to be met by March 2008. Further campaign work to take place over the year. Project work planned with young persons groups as part of delivery of corporate priority.
h	Implementation of Registration On Line (RON) in the Registry Office	Go live date was 26 March 2007 but some technical issues beyond the Council's control have delayed full implementation. Phase 2 due October 2007 for marriage registration.
i	Register Office Fees	Review fee structure for implementation in April 2008
j	Corporate Efficiency Programme	Member of Public Services Management Team to work with City Strategy as representative for implementing Environmental Management System as part of Corporate Efficiency Programme.
k	Attendance Management Information	Project started to improve information provision to allow effective monitoring and improve attendance.
l	Web development	Further customer consultation in May 2007 on accessibility testing.
m	Customer Priority	Seconded post to be appointed with responsibility for reviewing complaints handling, feedback and Customer First standards.
n	Benefits Service Structure Review	Service Managers are conducting a review into the structure and organisation of the service to consider how the teams work and how best to organise the staff to meet the demands of the service and achieve top quartile BVPIs.
o	Business Rates Management Review	Preliminary discussions underway to consider possible options for shared or managed service provision.
p	Risk Management	To update risk register to add risks and controls for Council Tax collection and operation of YCC. Review existing red risks on project management and application access.

Financial information

48. An underspend of £364k is provisionally reported within Public Services. One of the reasons for the improvement since the second monitor relates to a significant amount of work that has been done to minimise benefit overpayments categorised as local authority error. As a result of this work the service exceeded the government threshold and therefore did not receive the anticipated financial penalty from the Department for Work and Pensions, although this remains subject to close scrutiny from the Audit Commission.

Major improvements have also been made in the recovery on benefit overpayments both within the service and supported by Financial Services.

Property Services

Performance Headlines

49. The workload in Property Services continues to grow and the scale and complexity of the projects being managed are a significant challenge to the department.
50. In 2006/07 the department generated £19m capital receipts and is currently involved in a range of projects with an aggregate value of approximately £100m.
51. Property Services have managed to respond to this peak in workload by using their framework partner consultants and by procuring partnering teams for the larger capital projects. The department is in the process of procuring framework partners to assist with Asset and Property Management activities too.
52. The major capital schemes completed in 2006/7 include Canon Lee School extensions (£0.8m), the Huntington School extensions costing £4.5m (completed April 13th 2007) and the Eco Depot (approximately £8m). Capital receipts included the Barbican, Northfield School and Shipton Street School.
53. Sustainability in Design, and Energy and Water Management are high profile activities being driven by the department within the Council's Environmental Management System (EMS); A new Technology Forge property Database has gone live and the council has approved a new Capital Strategy and Corporate Asset Management Plan to provide a framework for property and investment best practice within the council.

Performance indicators

54. There are currently five local performance indicators within this service area, and four additional measures which are included within the Council Plan. The key Council Plan indicators appear below, and the remaining indicators appear in Annex 3. Even though one target was missed fractionally, and another does not have targets set, every indicator outturn has improved since the 2005/06.

Description	06/07 Target	06/07 Actual
BVPI 156 – DDA accessibility % of public buildings accessible	80%	83%
COLI 51 - % of target capital receipts received in the year	100%	106%
COLI 52 - % of council floor space vacant for more than 12 months	1.25%	0.15%
COLI 67 - % of local authority buildings in	10%	11%

need or urgent repair		
COLI 68 – Value of outstanding/ urgent repairs to Council buildings	Not set	£12,773,833

55. Despite the council's relatively low investment in maintaining its buildings the percentage of buildings needing urgent repairs has fallen slightly from 13.3% in 2005/06 to 11.0% in 2006/07 and the value of outstanding urgent and essential repairs has reduced by approximately £2 million to £12,773,833. This has been achieved by targeting resources at urgent work and by the disposal of buildings with high maintenance needs as part of the council's corporate approach to asset management planning. However, unless greater investment is made in our existing building stock the backlog on remaining properties will continue to rise.

Projects

Work In progress		Update on activities
a	York High School (Oaklands development) including school refurbishment, extensions and new swimming pool (£18m)	Design Partnership in progress, to be on site in September 2007
b	Fulford School – further classroom extensions (£1.6m)	Feasibility and bid stage successful; design stage to start soon
c	Acomb Library Learning Centre – extensions and refurbishment (£800k)	To be completed in 2007/8
d	Tang Hall Library Learning Centre – extension and refurbishment (£1m)	Supporting feasibility and bid stage.
e	Joseph Rowntree School replacement under the Pfs (Partnership for schools) initiative as a pathfinder (£25m)	Providing support to LCCS and a presence on the Project Board
f	Peasholme Centre – replacement facility at Fishergate (£1.8m)	Completion in February 2008
g	Programme of repairs, DDA and improvements for 2007/8	Planning and design stage
h	Business Management developments	Project bulletins being developed to give live project status; New project database being developed for fees, time and project costs; New fee cost reports being developed for all managers
i	Reviewing and re-letting of framework contracts for the provision of design services	Schedule of options being discussed and prepared before taking advice from Legal Services, Audit and Procurement.

j	Letting framework contracts for the provision of asset and property management services	Tenders currently being evaluated; implementation expected in July 2007
k	The Council's Maintenance Backlog	Work ongoing to establish an effective council strategy for the management and reduction of the maintenance backlog. Through CAPMOG (Capital Monitoring Group) and CAMG (Corporate Asset Management Group). The council's performance in this regard will contribute to its CPA rating under Use of Resources.
l	Asbestos Management	Continued programme of awareness training for building/site managers. Annual inspection of known asbestos, and removal where necessary.
m	Yearsley Pool – Maintenance programme	Programme agreed with Leisure Services and to be implemented during 2007/8
n	Further development of departmental Business Continuity Plan (BCP).	Draft being prepared. The next stage is to ensure completeness and consistencies within the directorate's plans and then link them back into the Corporate BCP in support of the 2004 Civil Act requirements
o	Development Planning Team	Major sites - Lowfields, Manor and Yearsley Bridge
p	Area Asset Management Planning	Tang Hall pilot scheme reaching conclusion and roll out to other areas in 2007/8, including New Earswick
q	Commercial Portfolio	Review nearing completion
r	Technology Forge Database	Developing further modules and supporting processes
s	A programme of capital receipts	Including the sale of Bonding Warehouse.

Financial information

56. An underspend of £7k is provisionally reported within Property Services (compared to a projected overspend of £88k at Monitor 2). The major variances relate to unrecoverable fees and costs due to a review of the allowable costs within the capital receipts protocol (+£194k), overspends on external consultants (+£96k). These have been offset by under-spends on the feasibility work and asbestos surveys (-£106k), additional income from Service Level Agreement and the capital programme (-£101k) and the disposal of the Bonding Warehouse, were we have recovered our bad debt provision (-£92k).
57. The Asset and Property Management trading account is based on an assumed level of fees for undertaking work selling assets and ensuring maximum value of capital receipts is gained. Historically this work is chargeable to the capital receipts however a change in the accounting statement of recommended practice issued in 2006/07 states this is no longer allowable and the costs must be charged to revenue. Property Services incurred £135k costs that historically would have been charged to capital

receipts. In order to properly represent the trading account an equivalent income has been provided to Asset and Property Management from revenue reserves. Members are asked to recommend to Executive to agree to this accounting approach.

IT&T

Performance headlines

58. The department continues to provide a secure, robust, scalable and highly available ITT infrastructure including corporate and departmental systems. It has exceeded most existing agreed service level targets for 2006/07 and has raised certain targets for 2007/08 and beyond.
59. The department received approx 25,000 requests for service during 2006/07 and the satisfaction with the resolution of calls has increased by 2% since last year to 96.3%. Overall, the satisfaction with ITT has risen by nearly 3% to 92.1%. This result places the department at the top end of the upper quartile for unitary authorities as per the Socitm bench marking for 2005/06.
60. The department successfully delivered a number of high profile and high-risk infrastructure projects supported by the introduction of governance controls that underpin current and future Council wide Service Delivery. These included:
 - a) Successfully upgraded the corporate virtual servers to a version that enables the department to provide a reduced recovery time in the event of individual System failures, in some cases with no disruption to the customer base
 - b) Successfully managed the high-risk migration project that moved the corporate Citrix Server farm on to the current supported version with minimal disruption to the customer base
 - c) Implemented a more cost effective replacement remote access security solution (Entrust cards). This offers the same level of security, additional flexibility that allows support teams to provide a better level of service and contributed to the departmental savings target
61. The department's support and business development resources have been heavily involved with the Easy@york business transformational activities throughout the year. They were instrumental with the phased go live programme that include the successful opening and on the going support arrangements for the new Contact Centre within Stonegate.
62. In parallel with the Easy@york programme, the department has worked on a total of 60 development projects during the year including the replacement of FMS and ISIS systems. 42 projects came from the annual ITT Development Plan process and 18 were introduced during the year to meet new business or legislative priorities. The department has successfully completed 75% of the

development projects that were planned for delivery during 2006/07, leaving 15 that are currently work in progress, of these;

- a) 5 are due to insufficient resource availability from the business departments
- b) 4 are behind schedule because of procurement issues
- c) 3 have not progressed because the requirements changed within the business or are being re-assessed
- d) 1 project where the proposed solution proved unsuitable for the requirement
- e) 2 are running late because of technical issues.

Performance indicators

63. Although IT&T have a single Council Plan indicator, they have developed a robust suite of local indicators to map service performance. Some of the key ones are listed below and highlight the high levels of service achieved by the team.

Description	06/07 Target	06/07 Actual
Number of high priority calls resolved within the SLA of 0-6 hours.	90%	89.36%
Number of med priority calls resolved within the SLA of 3 working days	80%	92.86%
Number of std priority calls resolved within the SLA of 5 working days	80%	98.72%
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	99.20%	99.98%
% of time that the Telephony services is available during the core business hours Mon/Fri 8am-6pm	98%	99.71%

Projects

Work In progress		Update on activities
a	ISIS – replacement of the Social Care System	Phased System replacement implementation plan in place with an end of June 2007 go live date scheduled for phase 1.
b	FMS – replacement of the Corporate Financial Management System	The first stages of the procurement process are in progress with an expectation of the contract being awarded during Autumn 07.

c	Corporate ITT Governance.	Further developing change control procedures through process mapping and subsequent workflow regimes. These will be incorporated into the next release of the departments Customer Support Service Desk system. Reviewing the Electronic Communications Policy (ECP) to ensure continued comprehensive guidance is available to elected members and all staff.
d	Further development of departmental Business Continuity Plan (BCP).	Draft departmental profile and ITT team recovery plans in place. Further development of the team recovery plans is in progress to ensure completeness and consistency. The departmental profile will be linked back to the Corporate BCP group as part of the Council wide response to the 2004 Civil Act.
e	Implement robust contracts with suppliers that comply with national and international legislation, the council's policy and financial regulations in protection of the council's interests.	Working with Central Procurement colleagues to develop and implement a council wide proactive contracts management database. The benefits will include protection for the Council against possible breaches along with identifying common purchases that may result in more cost effective council wide procurement.
f	Provide on going support for the delivery of the Easy@York transformational programme.	The department is heavily involved in a number of activities to support and help sustain the successful implementation of the current and future phases of the agreed programme.
g	Expansion of the network managed service contract to incorporate Broadband for Schools and Libraries and City Strategy connectivity requirements.	Reviewing the scope and requirements prior to the renegotiation of the existing voice and data network managed service contract to incorporate Broadband for Schools and Libraries and City Strategy requirements during 2007/08. The new and expanded contract is scheduled to commence summer 2008.

Financial information

64. There is a year end underspend of £1,032k in the Information Technology and Telecommunications service plan area for 2006/07, that equates to 17.6% of the gross expenditure budget.
65. £905k of the underspend relates to ITT Development projects including £632k due to delays on two major projects, the FMS Replacement project (£318k) and the Social Care System Replacement Programme (£314k).
66. **FMS** – delays have been experienced due to difficulties in recruiting and retaining a project management resource within the business, the investigation of the possible extension of the project to include full Enterprise

Resource Planning (ERP) and the non availability of necessary finance staff due to financial year end commitments. A Project Manager has now been appointed and business requirements definition has been completed. The revised procurement timetable anticipates contract agreement October to November 2007 with implementation mid 2008.

67. **ISIS** - The ISIS replacement project involved a complex programme of work to address a number of emerging legislative requirements which resulted in difficulties in defining a specification for a new system. Children's Services move from Community Services to LCCS questioned whether to continue with an integrated system solution or to allow Children's Services to develop a separate Children's system to meet their own specific legislative requirements. These complexities resulted in CYC adopting a negotiated procurement route to agreeing a specification in consultation with suppliers. Best And Final Offer (BAFO) evaluation took place between Feb and March 2006. Before Contract negotiations could begin with the preferred supplier, agreement was needed from Executive to approve a) a decision not to accept the lowest offer and b) agreement to allow Children's Services not to proceed with the single, integrated solution. Executive approval was received May 2006 and the contract agreed September 2006. The consequence of the above sequence of events meant that the planned implementation timetable was delayed by 6 months.
68. Other delayed projects totalling £224k including;
 - a) £32k - 2 projects were delayed due to the implication of Children's Services restructure.
 - b) £22k – reduced requests for project management training.
 - c) £46k – a number of projects could not be resourced due to the bottleneck of requests and clashes with the [Easy@york](#) programme and where departmental resources were redirected to other priority work.
69. Additional under spends result from;
 - a) £22k - projects delivered under the forecasted budget.
 - b) £27k - projects that were cancelled due to change of business requirements.
70. A further £252k under spend was realised due to;
 - a) £34k - cost reductions due the successful implementation and rollout of a combined Voice and Data telephony system.
 - b) £68k - due to maternity leave, some staff working temporary reduced hours and non take up of superannuation benefits.
 - c) £24k – additional income generation from partner organisations and work undertaken outside the recharge model.

- d) £47k – in year reduction achieved from continual market place review of 3rd party support arrangements.
 - e) £40k - from Business Support services including £14k staff advertising budget saving as no external recruitment necessary in year.
71. Further breakdown of all under spends is available in Annex 2.
72. The EASY project has made excellent progress throughout 2006/07, however some slippage (£256k) has occurred due to changes to the timetable, primarily for implementation of revenues and benefits. This has resulted in an underspend on capital and revenue payments to LCMG, the principal contractor. However, because this is an ongoing contract, we are committed to spending the remainder in 2007/08.

Audit and Risk Management

Performance headlines

73. A great deal has been achieved in 2006/07 to consolidate service improvements and progress the development of the governance and assurance agenda overall at the Council. The Division is proud to provide high quality, low cost, customer oriented services which serve to uphold and protect the corporate needs and interests of the Council. Particular performance high-lights this year have included:
- a) the development and implementation of fully comprehensive Financial Regulations and Procurement Rules (judged to be 'excellent' by the District Auditor for CPA purposes) as part of the significant management support and advice given to the overall review of the Constitution;
 - b) establishing and supporting the work of the new Audit & Governance Committee. The Committee's inception represents a significant step forward in improving the robustness of overall decision making and accountability arrangements at the Council;
 - c) the development of a Corporate Contracts Portfolio, a series of major corporate framework agreements and a 5 year Strategic Procurement Programme covering strategic commissioning across the organisation;
 - d) 92.5% of the annual internal audit plan achieved in 06/07 compared to target of 90% and 05/06 outturn of 91.3%. This is a major achievement and will stand us in good stead in the forthcoming service review by the Audit Commission.
 - e) the development and extension of services provided by the Division, including new Financial Investigations function and VFM work programme and designated officer champion roles for Information Governance and Data Quality;
 - f) 90% of the 2006/07 Officer Governance Group work plan achieved in 2006/07;

- g) a significant managed reduction in the Division's sickness absence levels from 10.27 days per FTE in 2005/06 compared to 7.79 days per FTE in 2006/07. This compares well to the overall average for Resources of 10.45 days and the Council target of 11 days. This is all the more notable given that 3.61 days (46% of all sickness absence in the Division) related to the long term sickness absence of one individual during 2006/07. The Division also has one of the best 'full attendance' records within the Directorate with 45% of all staff in the Division taking no sick leave whatsoever during 2006/07;
- h) significant improvements in the UOR CPA score in 2006 for those criteria relating to the work of the Division from a low 2 when the first CPA UOR exercise was completed, to a high 3 overall in 2006 with a significant incidence of low to mid 4s for many of the individual criterion concerned. This reflects the rapid and sustained improvement in the Division's services following the original creation of the Division in 2003/04.

74. In addition, work is nearing completion to:

- a) finalise the new Corporate Procurement Strategy and associated 3 year medium term action plan (2007-2010) along with a fully comprehensive Procurement Guidance Manual for Practitioners to be reported to Members in June 2007.
- b) prepare a comprehensive Information Governance Strategy;
- c) roll-out the use of the new Supplier Contract Management System during 2007/08 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. Our outturn performance is explained as follows:

- BVPI 76b - The average caseload per officer increased due to a 2.9% increase in referrals without any corresponding increase in investigation resources over the same period. This meant that we achieved 0.50 Housing Benefits Investigators per 1000 caseload, instead of the target set of 0.51.
- BVPI 76c - Despite increasing caseload pressures, the productivity of the team improved by 2.9% over and above target with the number of investigations achieved per 1000 caseload out-turning at 44.59 compared to a target of 44.0.
- BVPI 76d – Increased productivity by the team was frustrated at prosecution stage by serious backlogs at the DWP. This resulted in the team achieving 4.22 prosecutions and sanctions per 1000 caseload

compared to their target of 4.9. The numbers of sanctions remained consistent with 2005/06 performance.

76. The Division also monitors a number of other key (non-BV) PIs for performance management and reporting purposes, principally:
- **ARM 1 % of Audit Plan complete** – the annual target of 90% was well exceeded in 2006/07 with 92.5% of the plan achieved in year compared to 91.3% in 2005/06;
 - **ARM 2 cumulative procurement savings** achieved across the Council –cumulative savings made with the assistance of the CPT to date total £890k across the organisation, of which £345k were taken against the corporate savings target;
 - **ARM 3 insurance claims repudiation rate** – our repudiation rate for 06/07 remained very high at 81% well exceeding the national average of 65%.
77. A comprehensive suite of all relevant performance measures for the Division is now being developed to report more fully on service activities and achievements in the future. This suite of indicators will replace those currently included in the Directorate’s existing Performance Management Framework for ARM.

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.
b	Corporate Procurement Strategy	The CPS will be reported to EMAP and thereafter to the Executive in June 2007.
c	Procurement Guidance Manual for Practitioners	This will be reported to EMAP and thereafter to the Executive in June 2007.
d	Competition policy, strategy and procedural handbook	The policy and strategy will be referenced to the CPS. 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
e	Development of a 3 year medium business plan for the Division	Work on this has been on-going and will be reported to EMAP this summer
f	Development of 2007/08 Risk Management training plan for all members and staff	Work is now hand to prepare the annual training plan for 2007/08

g	Deliver all work and actions designated to the AD (ARM) in respect of the Corporate Efficiency Programme, the CPA UOR Action Plan and the new 3 year action plan for Procurement 2007-2010 (which accompanies the new CPS as above)	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 EMAP following formal approval of the CPS in June 2007
h	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	The review has been commissioned further to the EMAP decision for this to be done and reported by autumn 2007 (December 2006). Work is now on-going to agree the scoping document prior to the necessary fieldwork beginning in June 2007.
i	CPA UOR 2007 assessment	Work is now in hand pre-paring the self assessment for 2007 review purposes by the Audit Commission due to begin in June 2007.
j	Directorate Training Programme	Initial RMT consultation and budget review work has been completed. Final scheme proposals to be approved by RMT during summer 2007.
k	Review of the Council's Professional finance trainee scheme	Initial work and consultation has been completed. Final proposals to be drafted for consideration and approval during summer 2007.
l	Information Governance Strategy	Work is to review the scope and requirements for this at CYC is progressing well and will be reported during summer 2007 (the strategy will cover all FOI, data protection, information security, data quality, records management, standards, compliance, and related policy matters)

Financial overview

78. The Division out-turned at a net overspend of £70k compared to the forecast overspend of £96k at Monitor 2. The overspend position for ARM is due chiefly to the legacy problems experienced in relation to the procurement savings income budget, as reported to Members previously. The improvement from Monitor 2 was due in part to further concerted efforts being made in year to achieve additional savings against the corporate procurement savings budget, reducing the anticipated overspend on that from £87k to £58k in the last quarter of 2006/07. The overspend also reflects the decision not to draw down further Venture Funding advances to support the costs of the Corporate Procurement Team in 2006/07. This left the Divisional budget effectively under-funded by £50k in 2006/07 but has allowed the Assistant Director to

implement fundamental changes to the way in which the corporate savings target for procurement operates from 2007/08 onwards and re-structure the Division's budgets in 2007/08.

79. Other 'overspends' arose due to:
- a lower YPO dividend return being made by the YPO following significant trading losses in 2006, reported to Member authorities in February 2007, and;
 - the interest payable on the Venture Fund loans made in prior years to support the staffing costs of the CPT for which the Division has no budget;
 - a significant increase in one-off grant claim certification work carried out by the Audit Commission across all Directorates resulting in additional unplanned costs of £22k in 2006/07.
80. Compensating 'underspends' and over-achievement of income elsewhere in the Divisions budgets included:
- staffing related under-spends of £30k due to in-year vacancies;
 - additional income earned through the innovative commissioning and use of procurement consultancy support services and necessary charges levied for significant fraud investigation work falling outside the scope of the SLA;
 - recharged trainee costs for seconded staff.

Financial Services

Performance headlines

81. 2006/07 has been a successful year for Financial Services. Alongside high profile successes such as budget management, the campaign against capping and equal pay the service has continued to develop and in relation to many of its core functions is looking forward to significant improvements driven by the forthcoming replacement of the council's financial systems.
82. Since the second Monitor much of the services' efforts have focussed on the need to for the authority to agree a balanced budget for 2007/08 to 2009/10. This was achieved at Full Council on the 21st February 2007. The amount of work involved in this process should not be underestimated: not only does the service had to develop core proposals for submission to EMAP but it also has to work with the political groups (in this instance Labour and the Greens) to ensure that budget amendments are properly constructed and financially sound.
83. Alongside this the service has also had to keep up its input into a number of business critical projects. The service is leading the replacement of the council's financial systems, is a key participant in the job evaluation / equal pay process, has a significant role to play in the on-going review of transport provision, and has supported the successful development of the Local Area Agreement. Balancing such work, much of which requires significant input at

a senior level, alongside the on-going roles and responsibilities of the service remains a major challenge.

84. Members should note that the service is also responsible for the council's treasury management function, the performance for which is reported elsewhere in this report.

Performance Indicators

85. The service is responsible for one BVPI, the percentage of invoices paid by the council within 30 days of receipt. While the target figure of 95% has not quite been achieved performance has improved from 93.08% in 2005/06 to 93.29% in 2006/07. To put this in context this means that of the 77,104 relevant invoices processed by the council during the last financial year only 5,171 were not paid within 30 days of their receipt, and in many instances this failure was only by a small number of days.

Projects

Work In progress	Update on activities
a Statement of Accounts	National changes have significantly altered the way in which the council's statement of accounts must be produced. Over recent months work has been underway to make the changes required to adapt to these changes and this will continue until the accounts are presented to members in June.
b Job Evaluation / Equal Pay	Managing the development of affordable solutions has taken a major staffing input at a senior level. Work is ongoing to resolve both of these workstreams.
c FMS Project	With the appointment of a new Project Manager the replacement process has started to gain some momentum and has now begun to enter the formal procurement process. It is anticipated that the replacement system will go live in the summer of 2008.
d Transport Review	The service successfully bid to the Regional Assembly and Centre of Excellence to fund a collaborative study with local health providers and the East Riding of Yorkshire Council aimed at significantly reducing the impact that the council and NHS have on York's traffic. External consultants, Kendrick Ash, are currently undertaking the second phase of this review.
e Oversight of major projects for final accounts	The service is currently undertaking a number of reviews to ensure that key projects such as the Eco Depot and the new Fleet Management arrangements are properly accounted for in the 2006/07 statement of accounts.
f Income Collection	The service is managing key aspects of the review of income collection policy and procedures across the council.

Financial information

86. Financial Services has underspent by £261k. Of this £153k relates to monies allocated to the FMS Replacement Project (£134k) and on-going system development (£19k) budgets. As has previously been reported to members,

project management problems have caused slippage in the replacement timetable with the result that implementation is now planned for the Summer 2008. As a result of these delays, and as members only approved a three year project management budget a carry forward is now required to allow the project to be successfully concluded.

87. The remaining service underspend have arisen due to savings on staff vacancies (£71k) and one-off income secured from external payroll contracts (£33k). The remaining £4k underspend is the net value of a number of small under and overspends across the service.

Carry Forward Requests

88. There are a number of requests for carry forwards due to slippage in projects primarily within IT&T and Financial Services

<u>Easy@York</u>	£'000
Slippage in the scheme due to delays in fully implementing phase 1 of the project	256
<u>IT&T Projects</u>	60
Slippage on Social Care project	
<u>Financial Services</u>	
Project slippage on replacement Financial Management System	153
<u>Income Collection</u>	
Work anticipated to be carried out on the review of income collection, part of the efficiency programme, was unable to take place because of resources being diverted onto other projects (EASY, FMS and Job Evaluation). It is expected that reasonable levels of savings can be achieved through improved working and processes, if this work is completed. A carry forward is therefore requested to fund an officer to be dedicated to this project for 2007/08	50
<u>Public Services</u>	
Delay in completing upgrade to e-return module of Radius Icon in systems support team	5
Funding (provided by Chief Executives) to support Customer Champion role required to carry forward to 2007/08	10
<u>Directorate Training</u>	
Provision of £20k set aside for Resources Management Team training and development initiatives deferred from 2006/07	20
<u>Audit & Risk Management</u>	
Training and development initiatives for managers within the service area planned for 2006/07 not undertaken.	10
Total Carry Forward Requests	564

Venture Fund

89. The Resources Directorate have three Venture Fund Loans in place as at 31st March 2007. These are

Procurement Team	£186,850
SX3	£363,095
Hospital Fields Road	£ 39,000

90. The Procurement team venture fund loan was drawn down to support the creation of the corporate procurement team on its establishment as part of the Resources restructure. There is a budget of £50k available to repay this loan over the next 4 years.

The SX3 venture fund loan was drawn down to support the purchase costs of the new system. There is a budget of £200k available to support repayments to the venture fund.

The venture fund loan for Hospital Fields road was used to update facilities at the site. The repayment of the loan was to be made from additional rents received.

Capital Programme

91. The Resources approved capital programme totals £6,942k. Total expenditure for 2006/07 outturn is £4,894k. The main variances are due to slippage in the Easy@york programme as well as progressing the IT development plan. Information on variances appears in Annex 5.

Treasury Management report

92. Treasury Management is part of the overall corporate budget. As a result of proactive treasury management decisions, a general increase in interest rates and cash held, the area has underspent by £460k against the current approved budget. This represents an additional underspend to the £130k that was reallocated as part of the Monitor One process. Since Monitor One there have been a number of budget adjustments between Treasury Management and other portfolios to reflect the implications of decisions made by the Executive. A summary of the changes are illustrated in Table 1.

	£000
Approved Budget as at Monitor One	6,745
Adjustments	
Interest on School Balances owed to the Council (06/07 saving)	-168
Sale of 51 Bismarck Street & repayment of debt (06/07 saving)	-5
Prudential Borrowing – IT systems	105
Prudential Borrowing – Easy @ York	58
Prudential Borrowing – Property Services	5
Revised Budget	6,740

Table 1- Changes to the Treasury Management Budget in 2006/07

Outturn 2006/07

93. Treasury Management has spent £6,280k against the revised budget of £6,740k, an underspend of £460k. The key variances are detailed below.

Increase in average balances (£89k underspend)

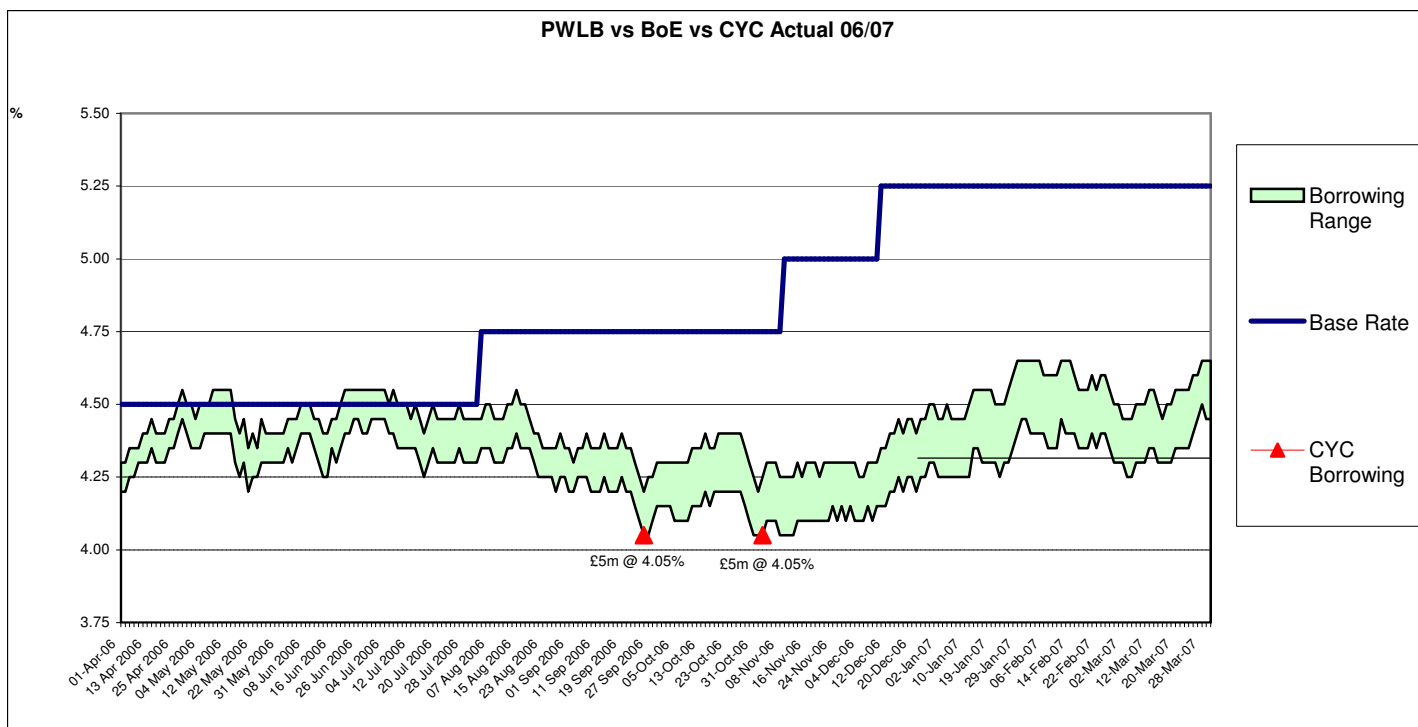
94. Average general fund cash balances are £2.5m more than budgeted. There are a wide variety of reasons why cash balances change. The key drivers in 2006/07 are capital programme slippage, the payment of government grants in advance of expenditure and an improvement in the collection of council tax and the recovery of housing benefit overpayments.

Increase in Interest rates (£70k underspend)

95. Interest rates have risen three times during the year from 4.5% to finish the year at 5.25%. When the interest budget was set the Council was advised that interest rates would remain constant or fall slightly. They have continued to rise throughout the year against the initial expectations.

Delay in Borrowing (£131k underspend)

96. The higher than anticipated cash balances and unfavourable long term borrowing rates has meant that the decision to borrow has been delayed, resulting in an underspend against the budget of £120k. It was planned to borrow £17m during the in the 1st quarter of the financial year. A total of £10m has been borrowed in two tranches of £5m both at 4.05%, which represents the lowest point in the year, 0.45% below the budgeted borrowing rate of 4.5%. Chart One illustrates the borrowing that has been taken and compares it to the 25 – 50 year long term borrowing range and prevailing base rate.



* PWLB (The Public Works Loan Board) is an arm of the Governments Debt Management Office which lends money to Local Authorities at preferential rates compare to those in the commercial lending market.

IT Leasing and Prudential Borrowing (£143k underspend)

97. Prior to the introduction of the prudential code in April 2004, the Council leased all of its IT equipment because of tight government rules that restricted borrowing. The prudential code has meant a relaxation of these rules and has enable the Council to choose whether to use operating leases or borrowing as a method of financing assets.
98. Every quarter a financial appraisal is done to assess the most cost effective method of finance. Currently, for IT equipment, borrowing is the most cost effective route, because of a cheaper cost of finance and cashflow benefits. A further one off benefit also accrues from borrowing in that debt financing costs are made in arrears rather than in advance, as is the case with leasing. Therefore a one off saving of £143k can be made by making the switch. It is important to note that if this saving is taken, if the Council ever decides to make use of operating leases again, it will face two payments in the year in which the switch back is made.

Minor Budget Variations (£27k underspend)

99. An underspend on the temporary borrowing budget and a small overachievement of interest on internal loans has contributed to the underspend.

Consultation

100. None required

Options

101. That Members choose to support all, some or none of the carry forward requests.

Analysis

102. If Members were not to support the carry forward requests as laid out in this report this would put additional pressure on budgets in 2007/08, and a number of initiatives would not be able to proceed as planned.

Corporate Priorities

103. 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

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

Other Implications

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

Risk Management

106. 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

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

- Note the year end financial situation
- Note the improvement in performance achievements and comments

- Approve the carry forward requests to go forward to the Executive
- Approve the accounting approach of using revenue reserves for dealing with the Property Trading account to be approved by the Executive.

Reason – in accordance with budgetary and performance monitoring procedures

Contact Details

Author:

Penny Hepworth
Business and Performance Manager
(Director Support)
551420
Patrick Looker
Finance Manager City Strategy
551633

Chief Officer Responsible for the report:

Simon Wiles
Director of Resources
Resources

Report Approved



Date 25/05/2007

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

Wards Affected:

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 2 report 2006/ 07.

Annexes:

Annex 1 – Service Plan monitoring reports

Annex 2 – Revenue Budget variances

Annex 3 – Resources performance tables

Annex 4 – Appraisals indicators

Annex 5 – Capital Programme 2006/07 variance report