



Notice of meeting of

Executive

To:	Councillors Steve Galloway (Chair), Aspden, Sue Galloway, Jamieson-Ball, Reid, Runciman, Sunderland, Vassie and Waller
Date:	Tuesday, 26 June 2007
Time:	2.00 pm
Venue:	The Guildhall, York

AGENDA

Notice to Members - Calling In:

Members are reminded that, should they wish to call in any item on this agenda, notice must be given to Democracy Support Group by:

10:00 am on Monday 25 June 2007, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 28 June 2007, if an item is called in *after* a decision has been taken.

Items called in will be considered by the Scrutiny Management Committee.

1. **Declarations of Interest**

At this point, Members are asked to declare any personal or prejudicial interest they may have in the business on this agenda.

2. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annex 3 to Agenda Item 9 (Capital Programme Outturn 2006/07 and Revisions to the 2007/08 Programme) on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

3. Minutes (Pages 1 - 6)

To approve and sign the minutes of the meeting of the Executive held on 12 June 2007.

4. Public Participation

At this point in the meeting, members of the public who registered their wish to speak regarding an item on the agenda or an issue within the Executive's remit can do so. The deadline for registering is **5:00 pm on Monday 25 June 2007**.

5. Executive Forward Plan (Pages 7 - 12)

To receive an update on those items that are currently listed on the Executive Forward Plan.

6. Minutes of the Economic Development Partnership Board (Pages 13 - 22)

This report presents the minutes of a recent meeting of the Economic Development Partnership Board and asks Members to consider the advice given by the Board in its capacity as an advisory body to the Council.

7. 2007/08 Best Value Performance Plan (BVPP) and Year-End Performance Review of 2006/07 (Pages 23 - 58)

This report provides Members with an overview of how the Council has performed in 2006/07 and presents a 'first draft' version of the 2007/08 Best Value Performance Plan (BVPP) for referral to Full

Council for approval and to provide full details of past, current and future performance across all areas of the Council.

[Please note that hard copies of the BVPP have been circulated separately to Members and made available in the Members' Library, and that it can also be viewed on the Council's website at www.york.gov.uk]

8. General Fund - Provisional Revenue Outturn 2006/07 (Pages 59 - 96)

This report sets out the projected 2006/07 outturn position on the General Fund Revenue Account, the Housing Revenue Account (HRA), the Collection Fund and the Public Sector Agreements (PSAs) for 2006/07. In line with this information it asks the Executive to consider requests for underspent project budgets to be carried forward and resultant transfers to reserves.

9. Capital Programme Outturn 2006/07 and Revisions to the 2007/08 Capital Programme (Pages 97 - 122)

This report provides the Executive with the final outturn position of the capital programme for 2006/07 reflecting the capital outturn reports taken to Executive Member and Advisory Panel (EMAP) meetings for each department and seeks approval of the statutory declaration on the funding of the 2006/07 capital programme to show how the Council's expenditure has been financed, along with any financial implications this may result in. It also highlights significant achievements from the Council's largest ever capital programme, informs the Executive of any under or overspends and seeks approval for any resulting changes to the programme, and informs them of any slippage and seeks approval for the associated funding to be slipped to or from the financial years to reflect this.

10. Statement of Accounts 2006/07 (Pages 123 - 128)

This report enables the Executive to undertake an examination of the Council's financial accounts for the financial year 2006/07 and to then submit them for approval by Full Council on the 28 June. As such this report provides the Executive with an opportunity to review and comment on the content and presentation of the Accounts prior to their finalisation.

[Please note that hard copies of the Statement of Accounts will be circulated to Members on Wednesday 20 June 2007 with the Council Summons and that it will also be available to view on the Council's website from that date: www.york.gov.uk]

11. The Corporate Procurement Strategy 2007-2010 (Pages 129 - 196)

This report advises the Executive of progress made in drafting a new Corporate Procurement Strategy for 2007-2010, invites comments from them on its scope and content, seeks their views as to where the organisation should seek to position itself in relation to a series of key continuums relating to the nature, performance, function and organisation of procurement activities in the future, invites comments on the medium term action plan, and seeks endorsement of the Strategy and referral to Full Council for approval.

12. Waste PFI - Update on Approach to Procurement and Sites Planning (Pages 197 - 206)

This report seeks approval to start formal procurement of future long term waste treatment services subject to approval of the business case by the Department for Environment, Food & Rural Affairs (DEFRA) and updates Members on the proposed approach to sites and planning.

13. Notice of Motion to the Executive Concerning Re-provision of a Pool on the Kent Street Site (Pages 207 - 222)

This report provides officer advice regarding a motion, concerning re-provision of a pool on the Kent Street site, that has been submitted to the Executive for consideration and referral on to Full Council.

14. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972

Democracy Officer:

Name: Simon Copley

Contact details:

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- E-mail – simon.copley@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

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City of York Council

Committee Minutes

MEETING	EXECUTIVE
DATE	12 JUNE 2007
PRESENT	COUNCILLORS STEVE GALLOWAY (CHAIR), ASPDEN, JAMIESON-BALL, REID, RUNCIMAN, SUNDERLAND, VASSIE AND WALLER
APOLOGIES	COUNCILLOR SUE GALLOWAY

1. **Declarations of Interest**

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Councillors Jamieson-Ball and Sunderland withdrew from the room during consideration of agenda item 8 (Former Lendal Bridge Sub-Station – Secure Cycle Park), under the provisions of the Planning Code of Good Practice, as members of the West & City Centre Area Planning Sub-Committee, which would consider the planning application for the site, and took no part in the discussion or decision thereon.

2. **Exclusion of Press and Public**

As the date for the submission of tenders had past, it was no longer necessary to exclude the press and public from the meeting during consideration of Annex B to Agenda Item 9 (Leisure Facilities Strategy Update – Yearsley Swimming Pool) (minute 9 refers).

3. **Minutes**

RESOLVED: That the minutes of the Executive meeting held on 24 April 2007 be approved and signed by the Chair as a correct record.

4. **Public Participation**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Fiona Evans spoke regarding agenda item 9 (Leisure Facilities Strategy Update: Yearsley Swimming Pool) (minute 9 refers), on behalf of Yearsley Pool Action Group, in support of the officer recommendations for refurbishment of the pool.

5. **Executive Forward Plan**

Members received and noted a revised and updated list of items included on the Executive Forward Plan which had been circulated at the meeting.

It was also noted that the format of these updates was under review to ensure that the information provided was as up to date and detailed as possible, given the importance of the Forward Plan within the new political management arrangements and the need to review the content of reports well in advance of them being published.

6. Minutes of Social Inclusion Working Group

Members received a report which presented the minutes of a recent meeting Social Inclusion Working Group and asked them to consider the advice given by the Working Group in its capacity as an advisory body to the Executive.

The report drew Members' attention to the Working Group's decisions to support proposals for the effective involvement of young people in their work (minute 30) and to support the setting up of a Strategic Working Group to examine the best way of collecting data about sexuality (minute 32).

Members welcomed the proposals for the involvement of young people in Group's work.

RESOLVED: That the minutes of the Social Inclusion Working Group meeting held on 21 March 2007 be noted.

REASON: To fulfil the requirements of the Council's Constitution in relation to the role of Working Groups.

7. Future Political Management Arrangements at the City of York Council

Members received a report which asked them to consider and endorse an Agreement entered into by the Leaders of the four political groups represented on the Council following the elections in May 2007, and to commission appropriate action to implement that Agreement.

The Agreement was set out formally in a letter from Councillor Steve Galloway to the other three Group Leaders. This letter and responses to it were attached as an Appendix to the report. Annex 1 to the Agreement set out constitutional changes, some of which commanded unanimous support from the political groups and could be implemented immediately by the Head of Civic, Democratic & Legal Services under her delegated authority, and some of which would be subject to an officer report and review during 2007. Annex 2 to the Agreement set out the policy prospectus drawn up by the Group Leaders.

RESOLVED: (i) (a) That the principles for future political management arrangements set out in Cllr Galloway's letter to Group Leaders be endorsed;

(b) That the Head of Civic, Democratic & Legal Services be instructed to put in

hand an early, independent review of member allowances with a view to any new rates coming into effect as soon as they have been agreed by full Council, but not backdated;

- (ii) (a) That the Head of Civic, Democratic & Legal Services be instructed to exercise her delegated authority to implement those changes to the Constitution set out at paragraph 1 of Annex 1 of the Agreement which command the unanimous support of all party groups;
- (b) That the “constitutional changes to be subject to officer report and review during 2007” set out at paragraph 2 of Annex 1 to the Agreement be noted and the Head of Civic, Democratic & Legal Services be instructed to put in hand a programme of work to complete reviews, report to full Council and implement agreed changes no later than May 2008 at the latest;
- (iii) (a) That the policy prospectus set out at Annex 2 to the Agreement be approved;
- (b) That Directors be instructed to note and implement the actions contained within the policy prospectus, subject to seeking appropriate Member authority as may be necessary;
- (c) That Directors be instructed to confirm on the Council’s forward plan, dates on which the review reports specified in the prospectus will be brought forward for consideration by the Executive;
- (iv) That the Chief Executive be requested to provide a full update report to the Executive on actions arising from the Agreement by March 2008.

REASON:

- (i) To recognise and support an effective system of political management for the Council and implement action as soon as required by the Leaders’ Agreement;
- (ii) To implement agreed changes to the Constitution as required by the Leaders’ Agreement;

- (iii) To implement Members' Agreement on policy issues;
- (iv) To allow Members to formally review progress.

8. Former Lendal Bridge Sub-Station - Secure Cycle Park

Members received a report which informed them of the responses received from two parties interested in operating the former Lendal Bridge Sub-Station as a secure cycle park and the results of their investigation into grant funding and a business plan.

The proposals included in the two submissions, from Bike Rescue and from Lewis Hull, an entrepreneur, were set out in paragraphs 10-16 of the report, and a comparison of these bids was attached as Annex 1 of the report.

The report presented the following options for consideration:

- Option A – Sell the sub-station;
- Option B – The Council funds the conversion and leases it to the selected party at a rent to be agreed;
- Option C – The Council to lease the sub-station as it stands, at a rent to be agreed to the selected party, subject to full grant funding for the conversion being obtained;
- Option D – The Council agreed to carry out partial conversion and lease it to the selected party, subject to their obtaining grant funding to complete the conversion;
- Option E – The Council seeks grant funding to convert the sub-station;
- Option F – Alternative premises are sought to site the cycle park;

The sub-station was currently earmarked for sale to contribute to the funding of the Council's capital programme. The cost of replacing this funding with borrowing would be £17,300 pa. However, following advice from the Environment Agency and restrictions in relation to its use, it was unlikely that the budgeted receipt would be achieved. An overachievement of capital receipts from other asset sales meant that the current approved capital programme could be funded without a reliance on either the sale of the sub-station or borrowing, although any receipt raised could be reallocated to address the Council's other capital priorities through the Capital Resource Allocation Model (CRAM) process.

Members thanked officers for responding to their requests to explore the use of the building further. They expressed the hope that this would be the first of a number of secure cycle stores around the city and highlighted the need to make available appropriate support for drawing up the business plan.

- RESOLVED:
- (i) That Option C, to lease the former Lendal Bridge Sub-Station to Bike Rescue for use as a cycle park, subject to obtaining planning permission and sufficient grant funding to fully

convert the sub-station, be approved, and the agreement to lease and the terms and conditions of the lease be delegated to the Corporate Landlord;

- (ii) That, if Bike Rescue is only successful in obtaining partial grant funding, it be agreed that the Council match fund to a maximum of £50,000 from the Transport Planning Unit (TPU) capital programme, provided this will be sufficient to convert the sub-station to a secure cycle park, and the terms and conditions of the lease be delegated to the Corporate Landlord;
- (iii) That the sale of Lendal Bridge Sub-Station be removed from the capital receipts funding schedule and replaced by the overachievement of other capital receipts already achieved.

REASON: This course of action combines the best opportunity of securing a cycle park and exposes the Council to the least risk.

9. Leisure Facilities Strategy Update: Yearsley Swimming Pool

Members received a report which asked them to approve a scheme to undertake repairs at Yearsley Swimming Pool.

The key issues which the scheme needed to address were set out in paragraph 4 of the report. In the light of these issues, a shortlist of essential works, attached as Annex A of the report, had been drawn up. These works were required on either structural, operational, or health and safety grounds, in order to extend the life of the pool to 2012. The work would take approximately 16 weeks, starting on 9 July 2007, and a communications strategy had been drawn up to provide information to key users and the public about the closure. The estimated cost of the work was set in Annex B of the report.

The report presented three options for consideration:

- To undertake the scheme as identified;
- Not to undertake the scheme as identified;
- To carry out a more comprehensive scheme.

The report proposed the use of contingencies from within the swimming pools programme to fund additional capital expenditure which had been identified, in addition to the indicative sum of £500k plus fees that had been set out in the Leisure Facilities Strategy in February 2006.

The closure period would result in an estimated one-off revenue cost of £80k. The options included in the report for funding this cost were a Venture Fund loan, use of the Corporate Contingency and savings in other Leisure & Culture services.

A revised version of Annex B, a carbon statement, and a schedule of energy and carbon savings and a comparison of energy efficiency had been circulated to Members for consideration.

Officers confirmed that the refurbishment work would have an expected life of at least 25 years.

Members welcomed the carbon and energy savings that the scheme would deliver and requested that carbon statements be included in reports for any similar schemes in the future.

- RESOLVED:
- (i) That the programme of repairs at Yearsley Swimming Pool, as set out in Annex B and including a virement of £10k from the Property Services Disability Discrimination Act (DDA) scheme, be agreed;
 - (ii) That the use of contingencies, from within the swimming pools programme, to fund the additional costs of this project be agreed;
 - (iii) That a Venture Fund loan of £40k, to be repaid from future energy savings, and a non-recurring supplementary estimate of £40k be agreed to cover the net revenue costs associated with the pool closure period.

REASON: To extend the lift of Yearsley Pool to 2012.

10. Chair's Comments

The Chair welcomed Councillors Aspden and Vassie to the Executive and recorded his thanks to Councillor Orrell and former Councillor Macdonald for their work on the Executive.

S F Galloway, Chair
[The meeting started at 2.00 pm and finished at 2.25 pm].

EXECUTIVE FORWARD PLAN

Please note that the format of this Forward Plan update is currently under review by Democratic Services to ensure that the information included is as detailed and up to date as possible.

Table 1: Items scheduled on the Forward Plan which were due to be submitted to this week's meeting			
Report	Author	Current Position	Likely Revised Date
Production of Foie Gras: Notice of Motion from Cllr Blanchard referred from Full Council on 25 January 2007	Terry Collins	Deferred as further time is needed to research the legal implications of the motion (previously deferred from 27/3/07)	24 July 2007
Draft Sustainable Development Strategy for CYC	Kristina Peat	Deferred as part of the policy review process requested by the Group Leaders	24 July 2007
Treasury Management Outturn Report	Tom Wilkinson	Incorporated in the Revenue Outturn Report	N/a
Parking Review	Peter Evely	To consider incorporating more innovative methods of payment, following the recent retailers meeting	11 Sept 2007
Review Report on Improving Consultation & Communication To look at a new approach to city management involving extended public consultation arrangements and improved communications with residents	Heather Rice/ Matt Beer	Deferred as awaiting costs from external partners	10 July 2007

Table 2: Items scheduled on the Forward Plan for the Executive Meeting on 10 July 2007			
Report	Author	Current Position	Likely Revised Date
<p>Admin Accommodation Project Update Report</p> <p>An update on current key issues in the project and setting out of a new budget.</p>	Maria Wood	Deferred for further work	24 July 2007
<p>Thin Client/ Competition Strategy</p> <p>[Revised description contained in Table 3 below]</p>	Simon Wiles	Retitled 'Thin Client Management Arrangements' and deferred for further work	24 July 2007
<p>Local Public Service Agreements (LPSA2)</p> <p>To provide an update on the performance of LPSA2 to date and asks the Executive to consider use of the associated Performance Reward Grant</p>	Simon Hornsby	Deferred from 12/6/07	N/a
<p>Update on Equal Pay Issues</p> <p>[Revised description contained in Table 3 below]</p>	Steve Morton	Retitled 'Update on Job Evaluation and Equal Pay Issues' and deferred for further work	24 July 2007
<p>Efficiency Programme – incorporating Strategic Procurement (formerly entitled Strategic Procurement Programme)</p> <p>To consider and advise on a range of potential reviews which will enable the Council to improve its cost effectiveness and/or service quality. One key aspect of this will be the consideration of a future strategic procurement programme. This report aims to contribute to the acceleration of our search for efficiencies in the running costs of the Council.</p>	Liz Ackroyd	Deferred from 13/2/07	N/a
easy@york Update Report	Tracey Carter	Deferred from 12/6/07	N/a

Report back on Stage 1 of the Project and setting out the case for Stage 2.			
<p>Review Report – Education and Leisure</p> <p>To consider the city’s sports and swimming strategy, including different management options, and in particular to address the needs and opportunities for improved provision in the city centre. The Council will not commit expenditure at the proposed university pool, and will place a moratorium on further city leisure land sales until this report has been considered.</p>	Patrick Scott/ Charlie Croft	On schedule	N/a
<p>Review Report – Adult Social Services & Health</p> <p>On how day services for Adult Social Services clients with disabilities will be commissioned. Including input from users. The Yearsley Hydrotherapy Pool and other facilities will not be closed until replacement services have been provided.</p>	Bill Hodson	On schedule	N/a
<p>Review Report on Improving Consultation & Communication</p> <p>To look at a new approach to city management involving extended public consultation arrangements and improved communications with residents</p>	Heather Rice/ Matt Beer	Deferred from 10/7/07	N/a
Initial Response to Future York Group	Roger Ranson	On schedule	N/a

Table 3: Items scheduled on the Forward Plan for the Executive Meeting on 24 July 2007			
Report	Author	Current Position	Likely Revised Date
Production of Foie Gras: Notice of Motion from Cllr Blanchard referred from Full Council on 25 January 2007	Terry Collins	Deferred from 27/3/07	N/a

<p>Finance Strategy 2008/09 to 2010/11 (incorporating a review report on future grant funding)</p> <p>To receive details of the Council's projected financial position for 2008/09 to 2010/11. This report provides the context in which the 2008/09 budget will be set and the medium term financial position until 2011. As part of this process the report will provide recommendations relating to the review report on future grant funding and clarify a number of key financial policy areas.</p>	Peter Steed	On schedule	N/a
<p>Energy & Water Management – Policy & Practice</p> <p>To approve the draft policy, inform on current best practice and prioritise energy and water management issues for the Council.</p>	Neil Hindhaugh	On schedule	N/a
<p>Sustainability in Design – Policy & Practice</p> <p>To approve the draft policy, inform on current best practice and projects and prioritise future sustainability in design issues.</p>	Neil Hindhaugh	On schedule	N/a
<p>Contract Design Management (CDM) Regulations – Implications for City of York Council</p> <p>To raise awareness with regard to these regulations, where responsibilities lie and recommend appropriate risk management</p>	Neil Hindhaugh	On schedule	N/a
<p>Treasury Management Annual Report & Prudential Indicators</p>	Tom Wilkinson	To go to Corporate Services EMAP on 24 July	N/a
<p>Audit & Risk Management – Medium Term Business Plan 2007/08-09/10</p>	Liz Ackroyd/ David Walker	No longer required - to be picked up in	N/a

		Service Plans	
Sharing the IT Strategy 2007/2012 (formerly entitled 'IT Strategy 2007/2012) A draft report for consultation with Members before finalising the IT Strategy.	Tracey Carter	On schedule	N/a
Neighbourhood Services Provision Highway Maintenance	Paul Thackray	Deleted from the Forward Plan – awaiting publication of the procurement manual	N/a
Draft Sustainable Development Strategy for CYC	Kristina Peat	Deferred from 26/6/07	N/a
Admin Accommodation Project Update Report An update on current key issues in the project and setting out of a new budget.	Maria Wood	Deferred from 13/3/07	N/a
Thin Client Management Arrangements A review of the Client and Contractor roles within the Council – this report seeks to rationalise and streamline them.	Simon Wiles	Deferred from 27/3/07	N/a
Update on Job Evaluation and Equal Pay Issues A report setting out proposals on how to deal with Equal Pay and Job Evaluation issues.	Heather Page	Deferred from 24/4/07	N/a
Real Time Travel Communications Strategy	Darren Capes	On schedule	N/a
Tang Hall Children's Centre: Capital Programme Approval for transfer of proceeds from sale of Heworth Family Centre.	Maggie Tansley	On schedule	N/a
Competition Policy	Simon Wiles / Liz	On schedule	N/a

To set out and consider the Council's approach to competition.	Ackroyd		
Proposed Action Plan for the Development of the Evening Economy in the City	Ian Tempest	On schedule (transferred from 6 June City Strategy EMAP)	N/a
CCTV Review	Peter Evely	On schedule	N/a
Reducing the Maintenance Backlog To consider the requirements under the Comprehensive Performance Assessment (CPA), acknowledge the current predicament arising from limited resources and consider options for inclusion in a strategy.	Neil Hindhaugh	On schedule	N/a



Executive

26 June 2007

Report of the Head of Civic, Democratic and Legal Services

Minutes of the Economic Development Partnership Board

Summary

1. This report presents the minutes of a recent meeting of the Economic Development Partnership Board and asks Members to consider the advice given by the Board in its capacity as an advisory body to the Council.

Background

2. The revised Constitution agreed by Council on 27 April 2006 created a number of Working Groups whose role is to advise the Executive on issues within their particular remits. The Groups are:
 - Social Inclusion Working Group (equalities issues)
 - Young People's Working Group (young people's issues)
 - Local Development Framework (LDF) Working Group (matters relating to the Local Development Framework)

The Constitution also includes a Protocol on Councillor Working Groups, which sets out rules and guidelines for the establishment and operation of Working Groups.

3. To ensure that the Executive is able to consider the advice of the Working Groups, it has been agreed that minutes of the Groups' meetings will be brought to the Executive on a regular basis. The Executive has also agreed to receive minutes of the meetings of the Economic Development Partnership Board, which acts as an advisory body to the Council and to the Local Strategic Partnership.
4. Consideration of the minutes of the above bodies has been scheduled on the Forward Plan for the Executive, as follows:
 - 26 June - LDF Working Group & Economic Development Partnership Board
 - 11 September – Social Inclusion Working Group and Young People's Working Group
 - 25 September - LDF Working Group & Economic Development Partnership Board

- 4 December – Social Inclusion Working Group and Young People's Working Group
- 18 December - LDF Working Group & Economic Development Partnership Board
- 11 March – Social Inclusion Working Group and Young People's Working Group
- 25 March - LDF Working Group & Economic Development Partnership Board

In accordance with the Forward Plan, this report presents the minutes of the Economic Development Partnership Board meeting on 13 March 2007 (Annex A). The minutes from the LDF Working Group meeting on 6 March 2007 were presented to the Executive on 27 March 2007 and the minutes from the meeting on 5 June 2007 have yet to be finalised. Therefore, there are no minutes from the LDF Working Group attached to this report.

Consultation

5. No consultation has taken place on the attached minutes, which have been referred directly from the Board. The minutes are still in draft form, pending approval at the Board's next meeting, on 19 June 2007. It is assumed that any relevant consultation on the items considered by the Board was carried out in advance of their meeting.

Options

6. Options open to the Executive are either to accept or to reject any advice that may be offered by the Board, and / or to comment on the advice.

Analysis

7. There are no resolutions within the attached minutes which require the specific endorsement or approval of the Executive. However, Members may wish to note in particular:
 - a. the Board's decision to support, in principle, the establishment of a single tourism organisation (minute 18).

Corporate Priorities

8. The aims in referring these minutes accord with the key principles of improving the Council's organisational efficiency.

Implications

9. There are no known implications in relation to the following in terms of dealing with the specific matter before Members, namely to consider the minutes and determine their response to the advice offered by the Working Groups:

- **Financial**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Property**
- **Other**

Risk Management

10. There are no risk management implications associated with the referral of these minutes.

Recommendations

11. Members are asked to consider the minutes attached at Annex A and to decide whether they wish to respond to any of the advice offered by the Economic Development Partnership Board.

Reason:

To fulfil the requirements of the Council's Constitution in relation to the role of Working Groups.

Contact details:

Author:

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Chief Officer Responsible for the report:

Suzan Hemingway
Head of Civic, Democratic and Legal Services

Report Approved



Date 14.06.07

Specialist Implications Officer(s) None

Wards Affected:

All



For further information please contact the author of the report

Annexes

Annex A – Minutes of the meeting of the Economic Development Partnership Board held on 13 March 2007

Background Papers

Agendas and associated reports of the above meeting (available on the Council's website).

MEETING	ECONOMIC DEVELOPMENT PARTNERSHIP BOARD
DATE	13 MARCH 2007
PRESENT	COUNCILLORS STEVE GALLOWAY (CHAIR), KIRK (VICE-CHAIR), MERRETT, D'AGORNE, FRASER (SUBSTITUTE FOR BLANCHARD) AND HYMAN (SUBSTITUTE FOR JAMIESON-BALL) JEZ WILLARD (RETAIL SECTOR), MR ANDREW SCOTT (FIRST STOP YORK TOURISM PARTNERSHIP), MR LEN CRUDDAS (CHAMBER OF COMMERCE), PROF TONY ROBARDS (UNIVERSITY OF YORK) AND MR MARK SESSIONS (MANUFACTURING SECTOR)
APOLOGIES	COUNCILLORS HOLVEY, JAMIESON-BALL, MORLEY, AND BLANCHARD, MR BRIAN ANDERSON (TRADES UNIONS), MR MIKE GALLOWAY (EDUCATION/LIFELONG LEARNING PARTNERSHIP), MR KEVIN MOSS (FINANCE SECTOR) AND JULIE HUTTON (YORKSHIRE FORWARD)

15. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

The following personal non prejudicial interests were declared at the meeting:

Cllr Merrett is employed in the Rail Industry by Corus Infrastructure Services.

Cllr D'Agorne is employed by York College.

Cllr Hyman is a member of Science City York.

Len Cruddas is a member of the York Tourism Bureau.

16. MINUTES

RESOLVED: That the minutes of the last meeting held on 26 September 2006 be approved and signed as a correct record.

17. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak under the Council's Public Participation scheme.

18. YORK TOURISM STRATEGY AND ACTION PLAN

Members considered a report which outlined the proposed new Tourism Strategy for the City of York, which had been developed by the York Tourism Partnership. The report highlighted objectives and priorities for tourism in York over the next few years, based on the fundamental principle of increasing visitor spending and length of stay.

The attached Tourism Strategy outlined the current strengths of tourism in York – very much a success story in the York economy, as demonstrated by the 52% increase in visitor spending from 1993-2005, the growing festivals and cultural offer and substantial commercial investment, especially in the retail, bars and limited service hotel sectors. The Strategy however recognised that in a competitive environment the city needed to be able to respond to internal and external pressures:

- Recent trends showing falling hotel occupancy in 2006
- The long term decline in overseas visitor numbers (from a third of York's visitors in 1995-96 to a fifth today)
- A change in visitor characteristics in the past 2-3 years which reflects an older and less affluent visitor profile (even though visitor spend has continued to increase)
- Changing visitor expectations and opportunities (through external developments such as low cost flights, alternative leisure spending opportunities etc)

The following points were made:

- It was noted that wider private sector involvement in this would strengthen the strategy, and keeping all partners actively engaged and fully supportive of the strategy was key.
- The strategy lacked vision and work was needed to provide a clearer consensus on where the partnership was going.
- The objective on addressing the specific skills and training needs of tourism businesses and their workforce should reflect the nature of the workforce which primarily consisted of low paid workers, although pay, and terms and conditions, had improved.
- Increasing sustainability issues should be reflected in the objectives, with an emphasis on green tourism.
- It was raised that marketing was key to the success of tourism, but was labour intensive. It was proposed that the new partnership embraces the marketing activity and employs staff to do that marketing. Officers reported that issues around governance, staffing and funding had not been looked at in detail, but they were looking at options for joining up various activities so that there was a single organisation going forward.

- RESOLVED:
- 1) That the above comments on the draft York Tourism Strategy be noted.
 - 2) That the objectives contained in paragraphs 7.1-7.12 be endorsed;
 - 3) That the establishment of a single tourism organisation to deliver actions be supported in principle, subject to a further report on the details of this.

REASON: This would allow the tourism partners to prioritise actions in future years by setting the context for activity and enable the tourism partners to best prepare tourism proposals to be put forward into the Sub-Regional Investment Programme

19. NORTHERN WAY GROWTH FUND 'HUB AND SPOKE' PROJECT

Members considered a report which brought bring members up to date with a major Science City York (SCY) infrastructure project funded through a Northern Way initiative designed to improve the level of innovation across the three Northern Regional Development Agencies regions.

The report advised that this £2.6 million project was funding three developments in the City. These were a Creative and Digital Centre on the Terry's site, a Biological Business Centre within the University's Department of Biology, and Park Central, an in-fill building between the Innovation and Bio centre on the York Science Park. These facilities would provide much needed business accommodation and collaboration facilities within Science City York's three focus clusters - bio-science, digital and creative technology.

The following points were made:

- It was highlighted that these state of the art sustainable buildings should serve as icons in terms of design and be built on as examples elsewhere in the city.

RESOLVED: That the project be noted and endorsed.

REASON: To help shape the effectiveness of future actions in order to bring benefits to the economic well being of the City and in meeting the City's corporate priorities which were designed to focus effort on improving the economy.

20. SCIENCE CITY YORK: ESTABLISHMENT OF COMPANY LIMITED BY GUARANTEE PLAN

Members considered a report which outlined the current progress in establishing the Science City York Company Limited by Guarantee.

The expectation was that the company would be formally established by the end of February, in time to appoint the Chief Executive in early March.

A formal meeting of the Members and Directors of the new company would be required in early March. The intention was to establish a company as a legal entity that was capable of employing the new Chief Executive. Once established, and with the advice of the new Chief Executive, the company would consider the governance arrangements required in the longer term, appoint additional directors, and amend the Memorandum and Articles of Association as desired.

Following formal registration of the company the City of York Council and University of York would become the sole members. This would leave the two stakeholders in full control of the company. Both the City Council and the University were arranging for formal decisions to become members of the SCY Company, and to appoint their representatives.

It was reported that the company had now been established but that there had been no appointment to the Chief Executive post as there had been no suitable candidates.

RESOLVED: That this report be noted and endorsed.

REASON: To help shape the effectiveness of future action.

21. SUB-REGIONAL INVESTMENT PLAN

Members considered a report which outlined the current position in producing a revised Sub-Regional Investment Plan (SRIP), allowing the Board (representing the Local Strategic Partnership) to comment on key issues emerging from the strategic framework for the Sub-Regional Investment Plan.

Yorkshire Forward had decided to review SRIPs in the year following the review of the Regional Economic Strategy (RES). The RES was reviewed in 2005. There was a general desire to produce a 'Better SRIP' moving towards commissioning a smaller number of investment programmes. So far, work on producing a revised SRIP had focused on undertaking a Strategic Economic Assessment – from which the priorities for investment should emerge – and, in parallel, producing an overall strategic framework/vision for the whole of the sub-region.

Whilst work was being undertaken on the Investment Plan review, Yorkshire Forward were consulting on a proposal to move away from a Sub-regional approach to investment planning being undertaken on a City region basis. It was likely that this matter would be considered further by the Yorkshire Forward Board at its meeting in March 2007.

It was reported that from April 2009, there would be a move, on a phased basis, towards city regional investment plans (CRIPs).

The following points were made:

- It was raised that within the five main activity areas listed under paragraph 5 of the report, there may be a danger of failing to benefit from people's changing awareness of sustainability and new skills. It

was hoped that this SRIP would mention how to relate to sustainability. Officers reported that they would feed this back to the Board.

- The report was difficult to read and would be incomprehensible to ordinary people in the street.
- Concerns were raised about not including the city centre in the York section. Officers reported that city centre retailing did not lend itself towards investment planning but instead it would be focussed towards tourism.

RESOLVED: That the above comments be noted and incorporated within the sub-regional process.

REASON: To assist in meeting Council and LSP objectives.

22. PROGRESS ON KEY ISSUES

Members considered a report which picked up on any matters arising from the last meeting of the Board and briefed Board members on issues/progress in other areas of economic development activity.

The following points were made:

- It was raised that under the rail related issues, it did not include the importance of the East-West link to Manchester Airport, and the Harrogate-Leeds link. Officers reported that things were happening in other forums in relation to the other rail links.
- Concerns were raised about the bottleneck in funding at the York Training Centre for NVQ level 2 qualifications in Early Years and Health and Social Care and whether the backlog was for all types of training or just from a particular provider. It was reported that potentially it was both and that there was an issue around the availability of qualified staff in that sector. This was a constant problem as contracts were not being renewed as they had to reduce the number of staff working in the area, which reflected the availability of funding to deliver courses.

RESOLVED: That the report be noted and endorsed.

REASON: To help shape the effectiveness of future action.

CLLR STEVE GALLOWAY
CHAIR

The meeting started at 6.05 pm and finished at 7.05 pm.

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Executive

26 June 2007

Report of Director of People & Improvement

2007/08 BVPP and year-end performance review of 2006/07

Purpose of the Report

- 1 This report provides Members with an overview of how the council has performed in 2006/07. A 'first draft' version of the 2007/08 Best Value Performance Plan (BVPP) has been provided for referral to Full Council for approval and to provide full details of past, current and future performance across all areas of the council.

Background

- 2 In the past, the City of York Council has produced an integrated corporate strategy and BVPP called a Council Plan. In July 2006 we published a separate corporate strategy and plans are now in place to produce an annual report in the summer. We also have less compliance requirements than other authorities due to the fact that we are a 'good' or '3 star' council under CPA. These changes have provided us with an opportunity to produce a much shorter BVPP for 2007/08, based on the minimum requirements of best value performance reporting.
- 3 There are also a number of other issues members should be aware of:
 - The publication of York's Local Area Agreement (LAA) in April 2007 introduced 110 new improvement measures (not previously reported as corporate local PIs), for which the council has lead responsibility for delivery and reporting. Three-year improvement targets have already been set for LAA indicators (up to 2009/10) and where these indicators appear in the BVPP, the targets have been mirrored in to ensure consistency. The LAA will replace the BVPP as the main method of statutory performance reporting from 2008/09 onwards.
 - In the past we have structured our Council Plans and year-end performance reports around the council's 8 corporate aims and objectives. These were both abolished when the new corporate strategy was agreed and as a result, this year's report and BVPP have been structured around 9 new themes which reflect the Audit Commission's statutory grouping of performance indicators:

<ul style="list-style-type: none"> – Environment & Cleanliness – Transport & Planning – Economy – Culture – Housing & Benefits 	<ul style="list-style-type: none"> – Children & Education – Adult Social Services – Community Safety – Corporate Health (includes CPA, LPSA2, staff welfare, health & safety and customer satisfaction results)
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 - Where appropriate, the performance indicators that demonstrate improvement for the priorities set out in the corporate strategy have also been highlighted as KPIs (key performance indicators) in the BVPP.

Consultation

- 4 Review of performance in 2006/07 – Directors and Executive members held a meeting on the 12th of June to review all areas of the Council’s corporate performance. The session covered both service and financial outturns and examined performance improvement from a corporate perspective.
- 5 2007/08 Best Value Performance Plan - extensive consultation has taken place with the Council’s Priority Champions Group to Review year 1 of our corporate strategy. The council’s most recent resident consultation and feedback was used in the development of the performance plan.

Options

- 6 This report does not present members with any options for approval. However, comments on the content and layout of the BVPP are welcomed. The council has a statutory duty to formally publish the Council Plan on or before the 30 June 2007.

Please note: This report should be read in conjunction with the “General Fund - Provisional Revenue Out-turn 2007/08” report, which is also on this agenda.

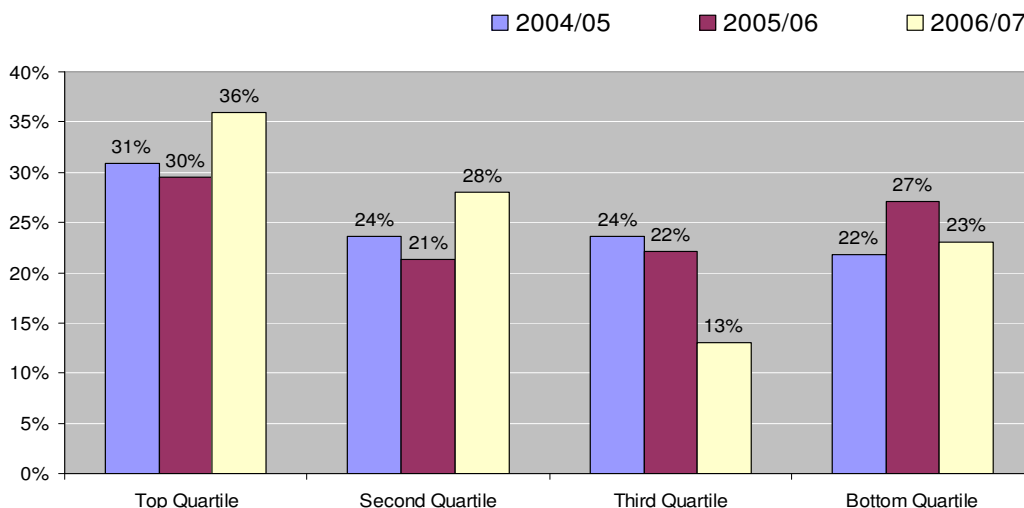
Analysis

- 7 This report provides Members with headline performance across all 9 performance theme areas. Progress on particular areas of our corporate priorities is included where possible, but a more complete analysis has been provided in section 2 of the 2007/08 BVPP.

Summary

- 8 Overall there has been widespread improvement across the council’s services, particularly in areas of street cleanliness, community safety, waste collection & management, housing re-lets & repairs, and parts of our benefits services. Education provision & attainment continues to perform highly and our comparative performance has improved, especially in areas such as ‘environment & cleanliness’ and ‘housing & benefits’. Our overall CPA score remains firmly within the 3 star banding, with some noticeable improvements in the housing service band.
- 9 There are also a few areas for concern. Overall satisfaction with council services has declined for the fourth year running, although this reflects a national trend. Staff sickness absence is also getting worse, despite a number of targeted initiatives in key directorates.

% of BVPIs in comparative quartiles



- 10 Where we are able to compare our performance with other unitary councils, the picture looks very encouraging. The graph above shows our 2006/07 outturn performance against the latest quartile information available (2005/06). It also shows the change in BVPIs we have in each of the 4 quartiles over the past 3 years. A more detailed analysis of improvement across the 9 themed areas is set out in Annex A.
- 11 Members should note that other councils might have improved their performance over the past year, especially in service areas such as waste recycling and planning application process time. However, the vast majority of our quartile changes are significant enough to guarantee a quartile position or shift.

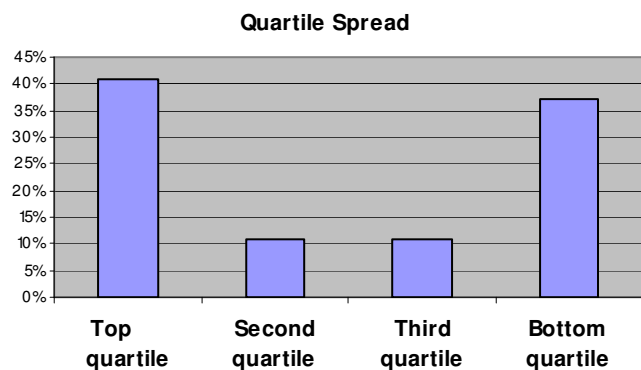
Review of performance across the organisation

- 12 This year performance has been reviewed under 9 themes of service delivery and this report provides members with the main performance headlines from each. Where possible, performance achievements that support our corporate priorities have been highlighted, in most cases using graphs.
- 13 Section 3 of the BVPP provides full details of historic performance and 2006/07 results for all 305 indicators used in this review.

Environment & cleanliness

- 14 This theme covers services such as street cleanliness, waste management & collection, and trading standards. Overall, performance across these services has been extremely good, with two-thirds of all indicators showing improvement. Around half of the best value indicators are performing above the unitary average, and 41% are currently top quartile performers.

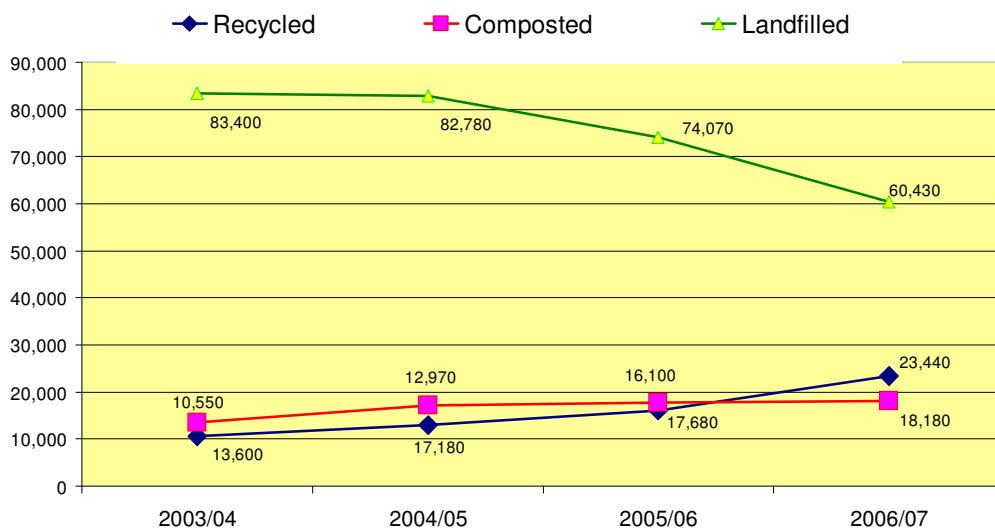
Number of indicators	43
Improvement headlines	
Indicators showing improvement	27 (63%)
Indicators showing a decline	13 (30%)
Stable or N/A indicators	3 (7%)
Comparative headlines	
Indicators in top quartile	11 (41%)
Indicators in second quartile	3 (11%)
Indicators in third quartile	3 (11%)
Indicators in bottom quartile	10 (37%)
Indicators moving down a quartile	3 (11%)
Indicators moving up a quartile	11 (41%)



- 15 Notable improvement achievements are as follows:
- York Pride: there has been continued improvement in street cleanliness across all key measures (e.g. land & highways cleaning and the removal of graffiti, fly-tipping fly-posting and abandoned cars). Fly-poster removal performance in particular has improved significantly and is now in the top quartile.
 - Abandoned cars: Last year 99.77% of abandoned cars were investigated within 24 hours of notification. This is not only top quartile performance, but also the 4th highest performance across all unitary authorities.
 - The % of people satisfied with local cleanliness has risen to 71% from 61% in 2005/06. This has moved us up from 3rd to top quartile. This already exceeds the 2007/08 LPSA2 stretch target of 70%.

- Recycling: the waste we recycle and landfill has shown the most impressive improvement, with approx 39% of all waste collected being redirected from landfill in 2006/07 compared to 31% in 2005/06. Over 23% was recycled and 16% was composted. As a result our landfill levels have dropped from 74,000 to 60,400 (see fig 2), despite the waste collected per household rising by 2.23%. This achievement has also helped the council avoid government charges as our landfill has fallen well below the LATs penalty level. It has also secured additional reward grant from the government as a result of achieving our stretch target under LPSA2.

FIG 2: Waste recycled and landfilled (tonnage)

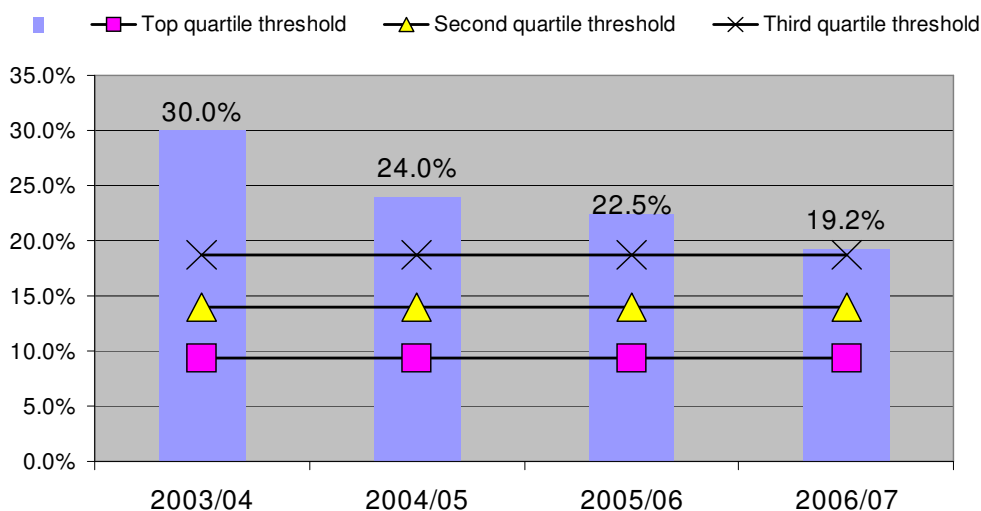


- The move to the new EcoDepot was also completed and cardboard recycling was rolled out to over 60,000 households.

16 Areas of concern:

- BVPI 199a: although the % of land & highways falling below acceptable levels of cleanliness has fallen for the 4th year running, it is still marginally in the bottom quartile compared to other unitary authorities (see fig 3 below). Concern has been raised across local government about the consistency and accuracy of the survey method for this indicator and the Audit Commission is currently reviewing its application.

FIG 3 - % of land & highways that fall below acceptable levels of cleanliness

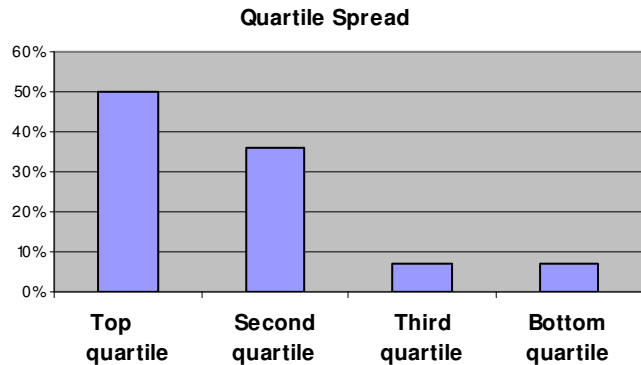


- Household waste: the continual increase in waste collected per head of population in York (BVPI 84) has moved us from 3rd to bottom quartile in comparison to other unitary authorities.

Transport & planning

17 This theme covers services such as strategic & operational transport, planning applications and the maintenance of highways & footpaths. Performance across these services has been steady, with 25% of indicators showing improvement. In many cases our performance is already excellent in comparison to other unitary authorities, with 50% in the top quartile and nearly 90% above the unitary average.

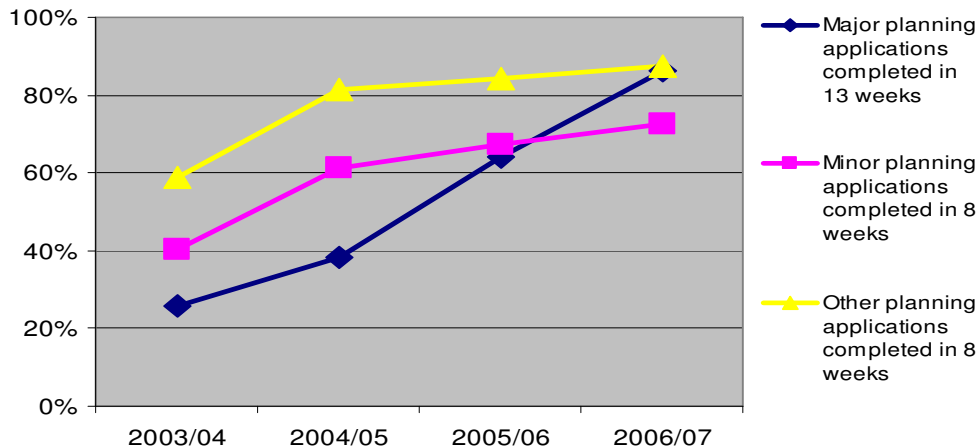
Number of indicators	28
Improvement headlines	
Indicators showing improvement	7 (25%)
Indicators showing a decline	6 (21.5%)
Stable or N/A indicators	15 (53.5%)
Comparative headlines	
Indicators in top quartile	7 (50%)
Indicators in second quartile	5 (36%)
Indicators in third quartile	1 (7%)
Indicators in bottom quartile	1 (7%)
Indicators moving down a quartile	3 (21%)
Indicators moving up a quartile	4 (29%)



18 Notable improvement achievements are as follows:

- Planning applications: the speed of determining planning applications continues to improve, with the number of minor and major planning applications determined within 13 weeks currently running at 72.39% and 86.27% respectively (see fig 4). This performance is now well in excess of government standards targets and moves us into the top quartile.
- New homes: 94.63% of new homes were built on previously developed land in 2006/07, a slight drop on last year, but significantly over the 65% target set. Unfortunately, this is just below the Audit Commission’s top quartile threshold of 95%.
- Bus patronage: The number of bus passenger usages per year in York has risen by nearly 3.3 million since 2003/04 – a 28% rise. This is now top quartile performance and represents one of the highest levels of bus usage across all unitary authorities.

FIG 4: Planning application processing



19 Areas c

- Pedestrian crossings: The number of crossings with facilities for disabled people has reduced to 67% compared to 100% in 2005/06. This is due to changes in the national maximum height between the road and kerbside. There were also changes to regulatory height of a dropped kerb and the pedestrian crossing button. Remedial work to address these changes has already begun and performance is expected to increase from 2007/08 onwards.
- Roads & pavements: the % of people satisfied with the condition of roads and pavements in York has dropped to 51% (from 56% in 2005/06).

Economy

20 This theme covers services such as economic development, employment & skills, and life chances for children looked after. Overall performance across these services has been steady, with just 35% of indicators showing improvement. The vast majority of the indicators for economy are local, so no comparative analysis was possible for 2006/07.

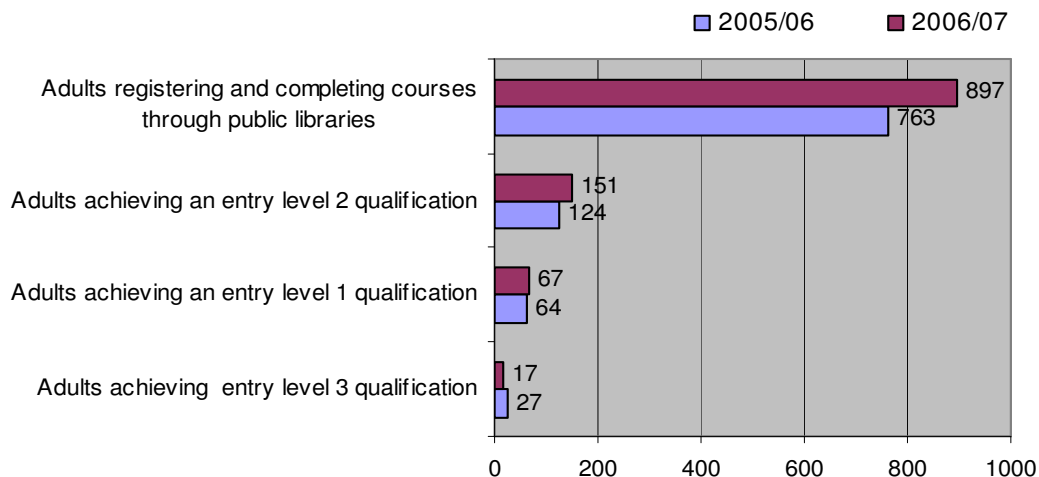
Number of indicators	17
Improvement headlines	
Indicators showing improvement	6 (35.5%)
Indicators showing a decline	4 (23.5%)
Stable or N/A indicators	7 (41%)
Comparative headlines	
Indicators in top quartile	0 (0%)
Indicators in second quartile	0 (0%)
Indicators in third quartile	0 (0%)
Indicators in bottom quartile	1 (100%)
Indicators moving down a quartile	1 (100%)
Indicators moving up a quartile	0 (0%)

Comparative analysis not possible

21 Notable improvement achievements are as follows:

- Unemployment: York’s unemployment rate is still 1.5% below the regional rate. It’s also 1.2% below the national rate, although this equates to a slight drop on the 2005/06 figure.
- Adult learning: The number of adults registering and completing courses through our public libraries in 2006/07 increased by 18% (see fig 5). This is also an LPSA2 indicator and we are now on target to receive 100% of the reward grant. In addition, the % of residents using the Future Prospects’ service who then obtain jobs or enter training increased to nearly 26% (from just 18% in 2005/06).

FIG 5: Skills & Employability



- Work experience: 62% of year 11 leavers achieve a positive outcome from work related learning programmes – a good increase on the 56% achieved in 2005/06.

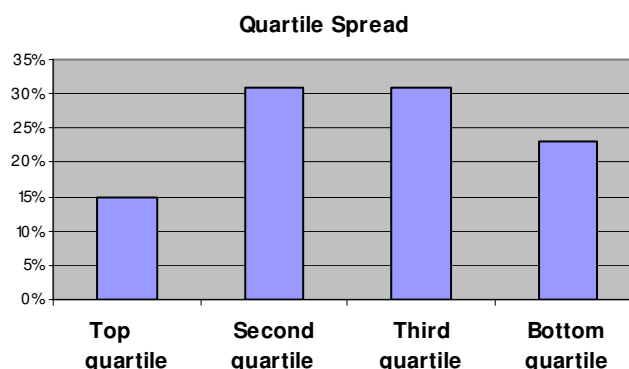
22 Areas of concern:

- Children looked after: The ratio of young people looked after at aged 16, who were engaged in education, training or employment at age of 19 has continued to decrease to 0.58 from 0.97 in 2004/05. It should be noted however, that this result has been developed from a fairly small cohort.
- Skills for Life Strategy: The number of adults achieving an entry level 3 qualification is struggling to meet it's LPSA2 stretch target (see fig 5 above and para 53)

Housing & benefits

23 This theme covers services such as housing management & repairs, homelessness, and housing/council tax benefit provision. Overall performance across these services has been very good, with over half of indicators showing improvement. The quartile spread looks less impressive with just 15% in the top quartile and more than half performing below the unitary average. However, these service areas have made significant comparative improvement in on the 2005/06 position, with nearly half of the indicators moving up one or more quartiles.

Number of indicators	48
Improvement headlines	
Indicators showing improvement	25 (52%)
Indicators showing a decline	15 (31%)
Stable or N/A indicators	8 (17%)
Comparative headlines	
Indicators in top quartile	4 (15%)
Indicators in second quartile	8 (31%)
Indicators in third quartile	8 (31%)
Indicators in bottom quartile	6 (23%)
Indicators moving down a quartile	4 (15%)
Indicators moving up a quartile	11 (43%)



24 Notable improvement achievements are as follows:

- Relet times: the average time taken to re-let council houses has improved significantly to 24 days compared to the 32 days for 2005/06. This is now top quartile performance and will make a positive contribution to the CPA service block score.
- Housing repairs: urgent housing repairs completed within the government's timescales have improved to nearly 84%, up nearly 12 percentage points from the 2005/06 outturn of 72%. This was just 6% short of the very challenging target of 90% set for 2006/07. Similarly, the average time taken to complete non-urgent repairs has improved on to 9.6 days compared to the 14 days achieved in 2005/06.
- Benefit claims: the speed of processing housing and council tax benefit claims continues to improve (see fig 6). The average time is currently running at 35 days compared to the previous year's outturn of 40 days and a significant shift from the 86 days achieved in 2003/04. The speed of processing change in circumstances for benefit claimants has shown the biggest improvement. Current performance stands at 15 days – a major improvement on the 28 days achieved in 2005/06 and well in excess of the 2006/07 target of 19 days. This has moved us from bottom to second quartile.
- The amount of Housing Benefit overpayments recovered has improved to 70.3% as a result of improvements made to collection processes and information management. This

is a significant increase on the 36% achieved in 2005/06 and moves us up from bottom to 3rd quartile.

- Homelessness: The average length of stay for homeless families in temporary accommodation has continued to improve (see fig 7). The most significant achievement is time spent in hostel accommodation, which has reduced from 24 to 5.6 weeks, moving us out of the bottom quartile.
- Arc Light hostel: Planning permission and funding for the re-provision of the Arc Light hostel has been completed and building work is now underway.

FIG 6: Housing & Council Tax Benefits - speed of processing (days)

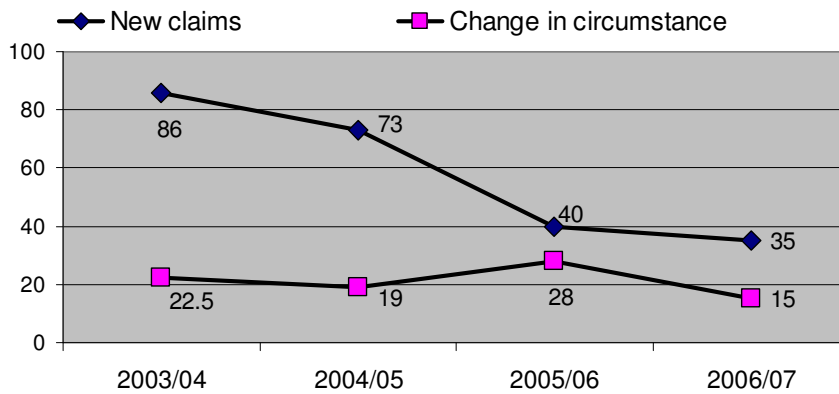
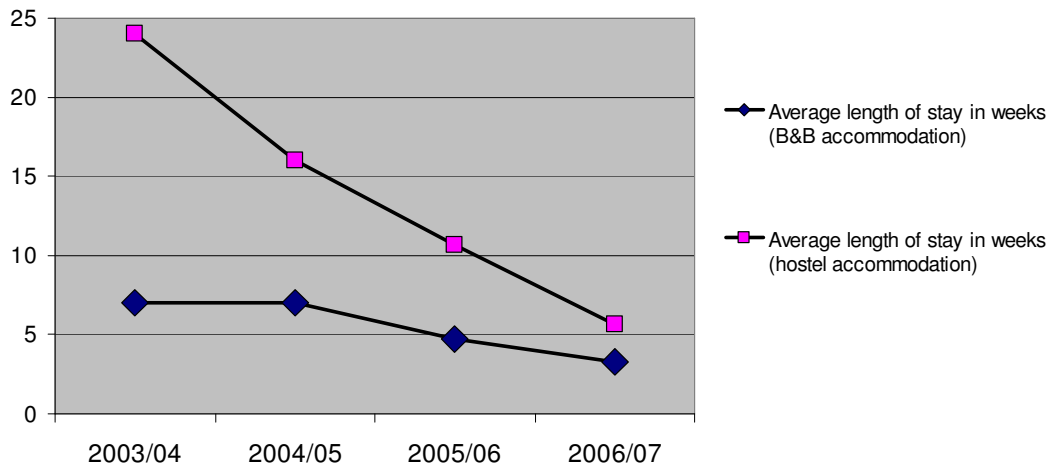


FIG 7: Homelessness - households with dependents or pregnant women



25 Areas of concern:

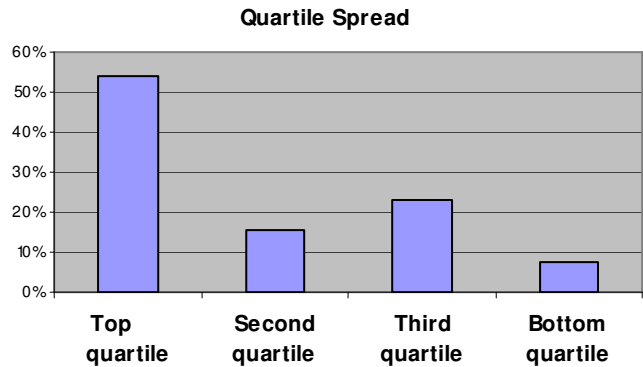
- Tenant satisfaction: The % of council housing tenants satisfied with opportunities for participation in management and decision-making in relation to housing services provided by their landlord has declined to 56.7% (from 71.5% in 2005/06). This is a CPA indicator and unfortunately this year's result will be used for the formal CPA in 2008.
- Benefits satisfaction: The % of people satisfied with the benefits service has dropped to 64% (from 68% in 2005/06).

Both these results stand in sharp contrast to the improvements made across housing & benefits over the past 2 years.

Culture

26 This theme covers services such as libraries, sports & leisure, museums & galleries and the maintenance of parks & open spaces. Overall performance across these services has been good, with nearly half of the indicators showing improvement. Around 70% of comparable indicators are performing above the unitary average, and over half performing in the top quartile.

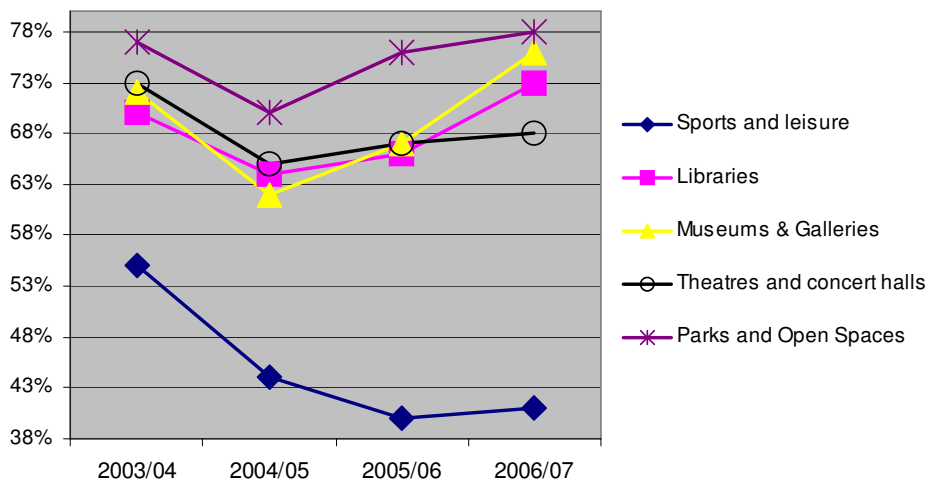
Number of indicators	38
Improvement headlines	
Indicators showing improvement	17 (45%)
Indicators showing a decline	7 (18%)
Stable or N/A indicators	14 (37%)
Comparative headlines	
Indicators in top quartile	7 (54%)
Indicators in second quartile	2 (15.5%)
Indicators in third quartile	3 (23%)
Indicators in bottom quartile	1 (7.5%)
Indicators moving down a quartile	0 (0%)
Indicators moving up a quartile	1 (7.5%)



27 Notable improvement achievements are as follows:

- Satisfaction with cultural & recreational facilities: All five of the measures for satisfaction have shown improvement in 2006/07 (see fig 8). The most significant was satisfaction with museums and galleries, rising to 76% from 67% in 2005/06. Satisfaction with sports & leisure facilities has also started to recover from the drop experienced in 2005/06. This is reflected in the number of swims and other visits to sports & leisure facilities, which has seen a 25% increase since 2004/05. This figure however, is still 26% lower than the visits achieved back in 2003/04.
- Libraries: The number of library users reporting ‘*success in obtaining a specific book to borrow*’, or ‘*in gaining information as a result of a search or enquiry*,’ has risen to 86% compared to the last formal result of 67% in 2003/04.
- Museums & galleries: The number visits to museums and galleries has increased significantly (4987 per 1000 population compared to 4028 per 1000 population in 2005/06). This equates to a 24% rise on already high figures and puts York at the very top of the comparative quartiles.

FIG 8: Satisfaction with cultural and recreational services



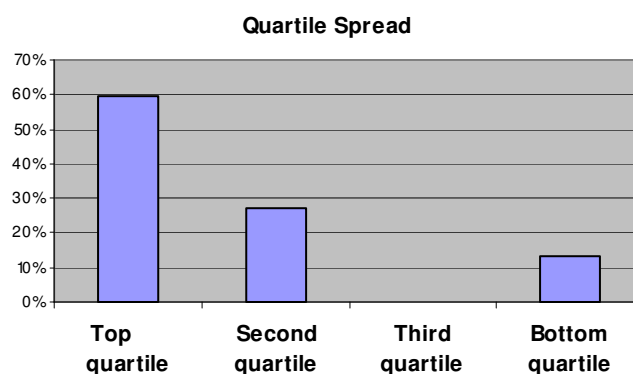
28 Area of concern:

- Libraries: The % of library customers whose request for a book was completed within 15 days reduced to 59% (from 75% in 2005/06). This has occurred after changes were made to the way information is collected for this indicator (i.e. now done via the library management computer system rather than manually). LCCS are currently investigating the reasons for the significantly different result.

Children & education

- 29 This theme covers services such as educational attainment and children's social services. Performance across these services is traditionally very high and provides the only 4 star service block for CPA. Around 86% of all indicators in this area are performing well above the unitary average, and 60% are currently top quartile performers. Only 18% have moved up a quartile, but when performance is already this high it is often difficult to achieve stepped improvement. Nevertheless, 80% of indicators in this theme have managed to demonstrate varying levels of improvement in 2006/07.

Number of indicators	35
Improvement headlines	
Indicators showing improvement	28 (80%)
Indicators showing a decline	7 (20%)
Stable or N/A indicators	0 (0%)
Comparative headlines	
Indicators in top quartile	13 (59.5%)
Indicators in second quartile	6 (27%)
Indicators in third quartile	0 (0%)
Indicators in bottom quartile	3 (13.5%)
Indicators moving down a quartile	4 (18%)
Indicators moving up a quartile	4 (18%)



30 Notable improvement achievements are as follows:

- Attainment: Educational attainment in York continues to improve across key subject areas. The most significant are:
 - Level 5 in KS2 English (37% compared to 28% in 2005/06)
 - Pupils achieving 5 or more A* - C GCSEs or equivalent (61.7% compared to 59.8% in 2005/06).
 - York pupils in the 30% most deprived areas of the country achieving Level 4 in maths at KS2 (64% compared to 62% in 2005/06).
 - Young people achieving at least one vocational qualification at the end of KS4 (40.5% compared to 33% in 2005/06).
- SEN: The % of SEN statements issued within 18 weeks rose to 96% - a major improvement on the 79% achieved in 2005/06. This has moved us from 3rd to 2nd quartile for 2006/07. Latest figures however, suggest that we are currently achieving 100% in 2007, which puts us in the top quartile.
- Early education: The % of leaders of integrated early education and childcare with a qualification at Level 4 or above has risen from to 36.3% (from 9.6% in 2005/06). This has moved us up 2 quartile places.

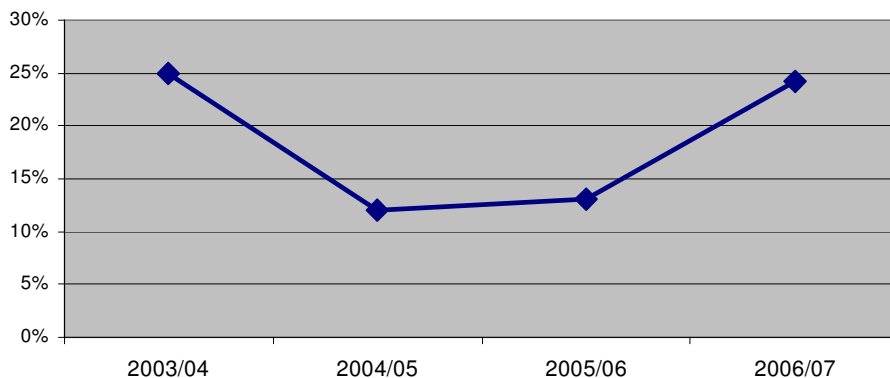
31 Areas of concern:

- CLA educational attainment: the % children looked after (aged 16 or over) with at least 1 GCSE at grades A* - G or GNVQ has dropped from 64% in 2003/04 to 37.5% in 2006/07.

Although this result is represented by small cohort numbers, it has nevertheless seen us move from top to bottom quartile over the 4 year period.

- Teenage pregnancies: Conception numbers for females under 18 has risen sharply (24% increase in 2006/07 against the 1998 baseline). This is significantly worse than the 13% increase in 2005/06 (see fig 9 below).
- NEET: The % of young people with learning difficulties (aged 16-19) not in education, employment or training rose to 17.6% (from 11% in 2005/06)
- School exclusions: Permanent exclusions in York's secondary schools have risen considerably from just 11 in 2003/04 to over 50 in 2006/07. The number of fixed-term exclusions has also risen by 28% over the past 4 years. This issue is currently being reviewed by all secondary headteachers and a new exclusion reduction strategy should be in place soon.

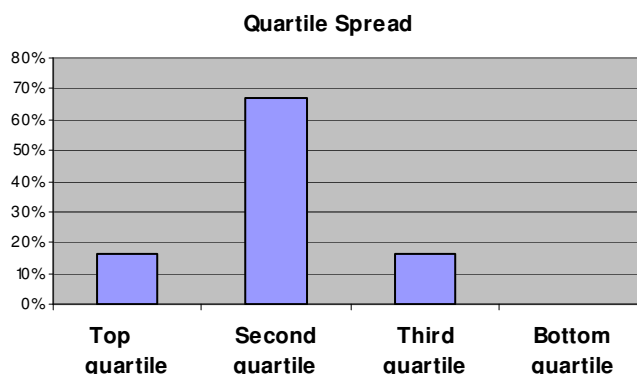
FIG 9: Change in the number of conceptions to females under 18 (compared with the baseline year of 1998)



Adult Social Services

32 This theme covers services such as independent living, elderly person homes and support for carers. Overall performance across these services has been fairly steady, with over half of indicators demonstrating improvement. More than three-quarters are performing above the unitary average, although most are second quartile performers.

Number of indicators	12
Improvement headlines	
Indicators showing improvement	7 (58%)
Indicators showing a decline	5 (42%)
Stable or N/A indicators	0 (0%)
Comparative headlines	
Indicators in top quartile	1 (16.5%)
Indicators in second quartile	4 (67%)
Indicators in third quartile	1 (16.5%)
Indicators in bottom quartile	0 (0%)
Indicators moving down a quartile	0 (0%)
Indicators moving up a quartile	2 (33%)



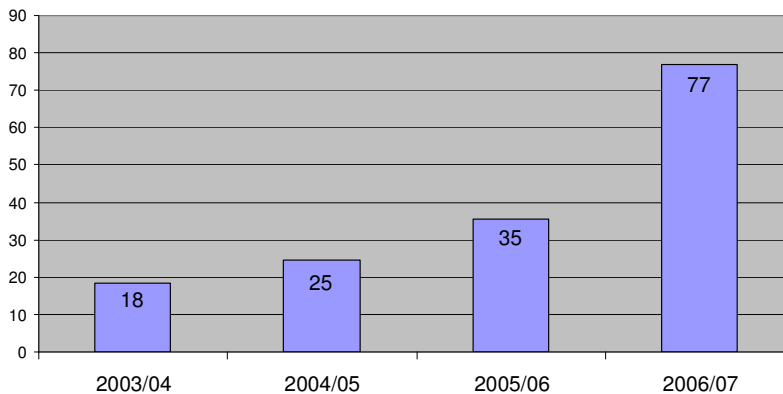
33 Notable improvement achievements are as follows:

- Direct payments: The number of adults and older people receiving direct payments from the council more than doubled in 2006/07 (see fig 10 below). This was achieved as a result of changes to the council's homecare provision, which saw more older people

expressing a desire to make arrangements of their own choice. The government expect this to continue in the future.

- Care assessment: The number of older people (aged 65 and over) waiting an acceptable time for assessments to start increased to 80.5% - a significant increase on the 73.5% achieved in 2005/06. This has moved us up a quartile.

FIG 10: Adults and older people receiving direct payments per 100,000 population



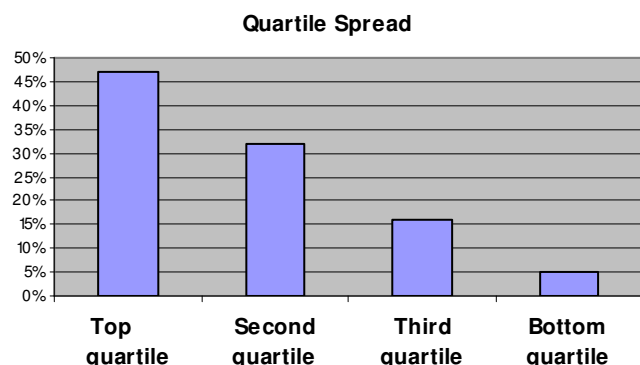
34 Areas of concern:

- Independent living: The number of older people helped to live at home per 1000 population has decreased to 86.5. This is a significant drop on the 92 achieved in 2005/06 and is now very close to the 3rd quartile threshold. The reason for the drop is due to the Fair Access criteria being tightened to reduce the demand on the Adult Social Services budget. This resulted in a reduction in the number of ‘care managed’ customers we have, but this was offset by an additional 365 being taken on by warden services.

Community Safety

35 This theme covers areas such as crime, anti-social behaviour, road safety, licensing, racial incidents and street lighting. Performance across this fairly broad area has been very good in York, with nearly 80% of comparable indicators performing above the unitary average and nearly half achieving top quartile performance in comparison to other unitary authorities.

Number of indicators	47
Improvement headlines	
Indicators showing improvement	26 (55%)
Indicators showing a decline	11 (23.5%)
Stable or N/A indicators	10 (21.5%)
Comparative headlines	
Indicators in top quartile	9 (47%)
Indicators in second quartile	6 (32%)
Indicators in third quartile	3 (16%)
Indicators in bottom quartile	1 (5%)
Indicators moving down a quartile	8 (42%)
Indicators moving up a quartile	1 (5%)



36 Notable improvement achievements are as follows:

- Perception of safety: Over the past 3 years resident perception about crime and safety in York has improved. Fig 11 below shows improvement across all areas, with 53% of residents feeling York is a safe place to live compared to 49% in 2003/04. There has also

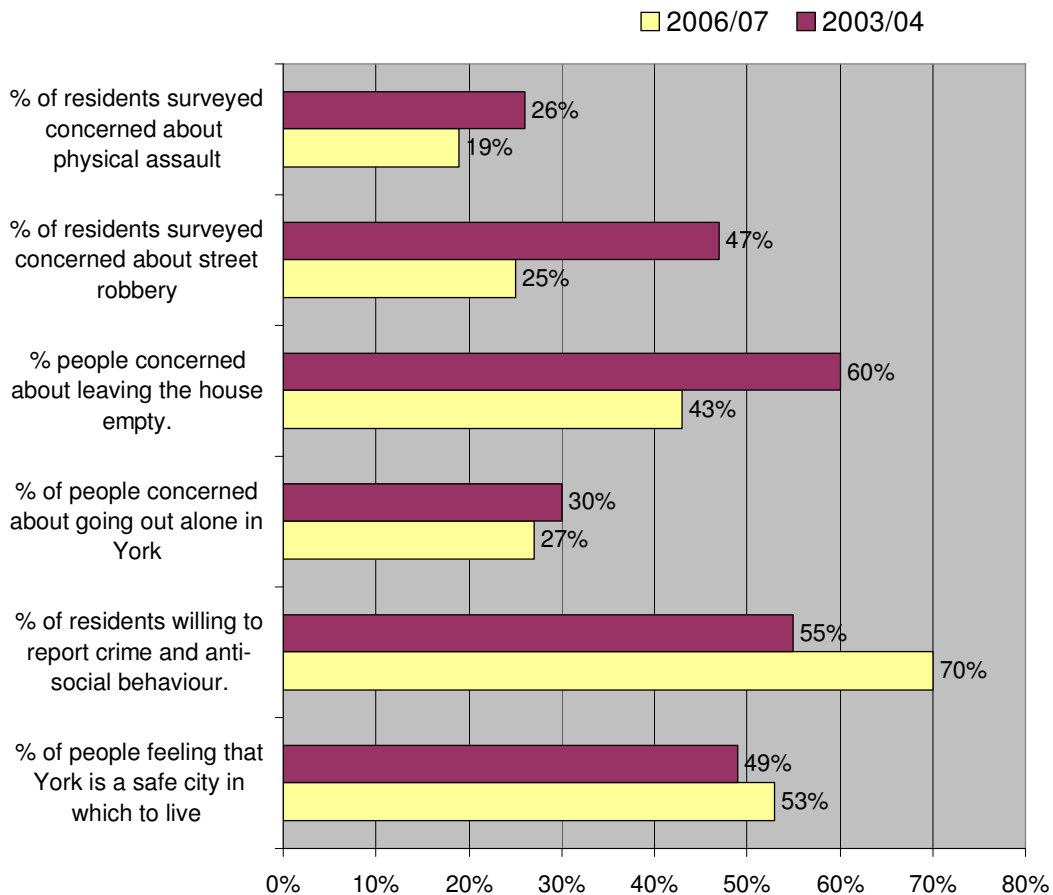
been a significant increase in the number of residents who are willing to report anti-social behaviour.

- Crime statistics: In 2006/07 crime in York reduced by nearly 7% on the previous year, which contrasts extremely well with rising levels of crime across the rest of the country. Reductions have been achieved across most crime categories with the exception of robberies and theft from a vehicle - which saw a 14% increase in 2006/07. Violent crime has been an area of concern for some time, but this has now seen a substantial reduction of 12.5% on 2005/06 levels and an 18% reduction over the last 2 years.

	2004/05	2005/06	2006/07	05/06 – 06/07 % change
Domestic burglaries per 1000 population	13.64	13.08	12.76	-2.5%
All violent crime per 1000 population	23.5	21.97	19.20	-12.5%
Number of criminal damage cases	4588	4381	4189	-4.5%
Robberies per 1000 population	0.93	0.67	0.70	+4.5%
Vehicle crimes per 1000 population	14.93	16.65	19.03	+14%

- Road safety: the number of people killed or seriously injured on York’s roads reduced by over 11% in 2006/07.

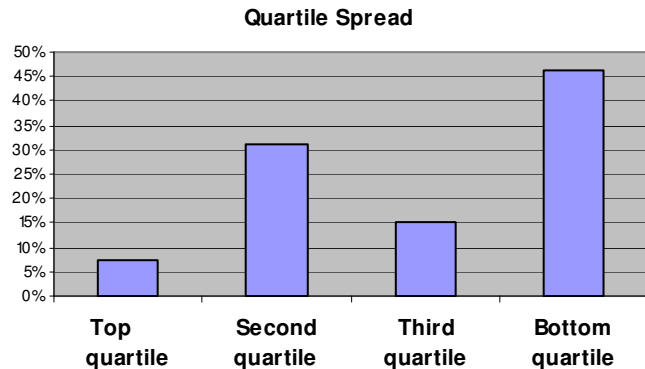
FIG 11: Community Safety - perception in York



Corporate Health

- 37 Performance for Corporate Health doesn't only cover the best value indicators we publish in the BVPP, it also looks at progress against CPA, LPSA performance for reward grants; staff welfare; and feedback from our customers (i.e. Customer First statistics and customer satisfaction results). There are however, a number of key indicators that we formally report under the corporate health theme and the overall improvement headlines are shown in the table and graph below.

Number of indicators	37
Improvement headlines	
Indicators showing improvement	15 (41%)
Indicators showing a decline	13 (35%)
Stable or N/A indicators	9 (24%)
Comparative headlines	
Indicators in top quartile	1 (7.5%)
Indicators in second quartile	4 (31%)
Indicators in third quartile	2 (15%)
Indicators in bottom quartile	6 (46.5%)
Indicators moving down a quartile	4 (31%)
Indicators moving up a quartile	5 (38%)



- 38 Performance for this theme is average at best, with nearly half of our comparable indicators performing in the bottom quartile and over 60% achieving below average results compared to other unitary authorities. Detailed results for corporate health is covered from para 39 onwards, but here are a few additional headline results which members may want to note:
- The % of council tax and NNDR collected increased again in 2006/07, bringing in much needed additional revenue and moving us up a quartile in terms of comparative performance.
 - The average number of people attending ward committee meetings increased by 25% (37.5 in 2006/07 compared to 30 in 2005/06).
 - The % of people satisfied with the information provided by the council has reduced from 63% in 2003/04 to 44% in 2006/07. A similar drop occurred in the number of people who feel the council keeps them informed, but this has now started to improve with 54% for 2006/07, compared to 50% in 2005/06.

Staff performance

- 39 Sickness absence levels across the council have increased slightly to 12.90 days from 12.48 days in 2005/06. This result is in line with a recent CBI report, which states that across the public sector, sickness levels have risen by approximately 0.5 days over the past 12 months. Even so, our 2006/07 result puts York deep into the bottom quartile of unitary authorities (see Annex B for the full results).

Directorate	2005/06	2006/07	% change
Corporate Figure	12.5 days	12.9 days	+3.2%
Chief Executive	8.98 days	5.07 days *	- 45%
Neighbourhood Services	18.66 days	16.8 days *	-10%
City Strategy	11.11 days	11.43 days	+ 2.8%
Resources	9.69 days	10.38 days	+ 7.1%
LCCS	9.01 days	9.96 days	+ 10.5%
HASS	19.82 days	21.11 days	+ 6.5%

* Restructures have taken place which may affect the 2006/07 result

- 40 Sickness levels in HASS in particular have continued to increase at 21.11 days compared to 19.8 days in 2005/06. This has mainly been due to higher levels of absence in Adult Social Services, where tackling long-term sickness has now become the main focus of attention.
- 41 Stress related illness across the council has also increased in line with the general increase in sickness absence levels. This is however, still well below the local government average.
- 42 Targeted work to tackle the absenteeism issue is already being undertaken in some directorates and some initial improvement is already being seen in Neighbourhood Services - with sickness levels reducing to 16.8 days (from 18.7 days in 2005/06).
- 43 A corporate 'Attendance Management Policy' has now been implemented and the procedures and guidelines to support the policy will be implemented over the coming year. Significant work has also been undertaken to improve the Council's management information in this area and a strategic review of the Council's Occupational Health arrangements is currently taking place. Consideration is being given to the benefits of proactive health promotion and early interventions designed to minimise unavoidable sickness absence where it occurs. This will align closely with the Council's well-being agenda and the Health & Safety Executive's Strategic Intervention Programme.
- 44 The table below shows that only one of council's equality indicators is showing an improvement compared to 2005/06 (the percentage of disabled people in post has risen from 1.9% to 2.15%). The council is working with other authorities across North Yorkshire to attract minority groups into the workforce. The *Equality in Employment Improvement Plan* and the development of an overriding recruitment and retention strategy should help to improve things in other areas of staff performance.

Indicator	2005/06	2006/07	Quartile shift
% of women in top 5% of earners	44%	39%	3 → 4
% of ethnic minorities in top 5% of earners	0%	0%	4
% of disabled people in top 5% of earners	5.72%	2.15%	1 → 2
% of early retirements as a % of total workforce	0.78%	0.90%	4
% of ill health retirements as a % of total workforce	0.29%	0.22%	4 → 3
% of employees with a disability	1.90%	2.15%	3 → 2
% of employees from ethnic minorities	1.38%	1.27%	3 → 4

- 45 On the positive side, staff turnover at the council has continued to reduce, down from 13.09% to 12.02% and well under the local government average. City Strategy in particular has achieved a significant reduction (14.4% compared to nearly 21% in 2005/06).

Staff survey

- 46 The 2007 staff survey has produced some very encouraging results, with 72% of staff expressing satisfaction with their jobs – a 2% increase on the last survey. Other key results from the survey were:
- ✓ over three-quarters of all staff felt that the council was a good employer (a 9% increase).
 - ✓ staff feel that things have improved regarding the way they are managed.
 - ✗ only 57% of staff feel it is OK to speak up and challenge the way things are done in the council (an 11% decrease)
 - ✗ only 53% of staff feel they are being paid fairly and around 60% feel secure in their current job.
- 47 This year's survey was completed by just over 50% of staff, 19% more than the last survey. However, confidence in the outcome of the results remains very low, with just 36% believing that the council will take action on the issues identified.

Comprehensive Performance Assessment

- 48 Annex C provides an overview of both the CPA score for 2006 (reported February 2007), and a predicted score for 2007 (to be reported February 2008). This indicates that we are likely to maintain a 3 star (good council) rating in the next published refresh. The corporate rating of 3 will remain in February 2008, because while the next corporate inspection will just have been completed, the results will not be published in time for the 2007 annual refresh.
- 49 Overall the CPA picture is very stable. It is likely that there will be no changes to service block scores. However this masks movement within some of the blocks. For example, there has been improved performance in a number of performance areas within the housing block, but this has not fed through into an improved overall score for the block.
- 50 Members may remember in previous monitor reports that the culture block was expected to come under significant pressure in 2007, as the Commission tightened up the CPA model. In fact the Commission have now decided to maintain stability rather than tighten the model, following the direction set by October's White Paper.
- 51 Whether we continue to score 2 or move back up to 3 on Use of Resources, is dependent on the auditors satisfaction with our partnership arrangements, and on whether there is no material error in the accounts. If these two caveats are satisfied then there is no other reason not to expect the block to score 3.

LPSA 2

- 52 Since reporting at monitor 2, performance projections for LPSA2 have improved, with several targets reporting an increase in the amount of stretch they hope to achieve. These include the 2 indicators associated with street cleanliness and the one measuring illegal sales of alcohol, which now appear likely to achieve their stretch in full (see Annex D for complete the year-end position).
- 53 At monitor 2 it was difficult to report with certainty progress against the indicators relating to adults achieving qualifications as part of the Skills for Life Strategy. These 3 indicators are now projected to achieve approximately 60% of stretch (the point at which targets become eligible for payment of reward grant). The same is true, following encouraging performance this year, of the indicator associated with children's participation in sport.
- 54 It now appears unlikely that the one associated with people's concern at noisy neighbours or loud parties will achieve any proportion of the stretch set. Equally, following a significant rise in the number of deaths and serious injuries on York's roads in 2006, the related indicator is unlikely to stretch performance in line with its target.
- 55 Three indicators remain difficult to predict the performance of due to the lack of available interim data. These are the youth offending measures and the one related to adult participation in sport, all of which will not be measured again until the conclusion of the agreement.
- 56 Based on the above projections, the amount of reward grant it is now estimated we will achieve overall is £2,129,287, an increase of approximately £83,000 based on projections at monitor 2 and representing about 54% of the overall grant available at this stage of the agreement period. This is equivalent to what was achieved under LPSA1.

Customer First

- 57 The table below sets out our performance over the past 4 years and demonstrates improvement in 2006/07 across all our standards apart from phone answering.

	letters	Stage 2 complaints	stage 3 complaints	visitors to reception	visitors needing further help	phone answering
standard	95%	95%	95%	100%	100%	95%
2003/04	80%	72%	67%	99%	99%	94%
2004/05	79%	68%	55%	98%	98%	94%
2005/06	94%	76%	40%	99%	97%	93%
2006/07	95%	83%	50%	99%	98%	90%
Trend	↗	↗	↗	→	↗	↘

- 58 The individual directorate results for 2006/07 are set out in Annex E, but the main headlines are as follows:

- **Complaints:** The Council currently dealt with 83% of the stage 2 complaints it receives within 10 working days - a significant improvement on performance 2 years ago, which stood at just 68%. City Strategy and HASS in particular have made progress on this standard since 2005/06. Stage 3 complaints replied to within 10 days is performing fairly poorly at just 50% across the council. HASS and City Strategy dealt with the majority of the 26 complaints received. These are often more complex than other directorates, with much more detailed investigation usually required. HASS managed to deal with 50% of their complaints within the 10 days (an improvement on 2005/06). However, City Strategy only managed to deal with 1 out of 6 within the standard time, although these were planning complaints, which arrived with an already complex history.
- **Dealing with visitors to the council:** We continue to achieve very high performance levels for this standard, with 99% of all customers dealt with in 10 minutes of arrival and 98% of those needing further help seen within 10 minutes.
- **Phone answering:** The overall corporate figure for telephone calls answered within 20 seconds has reduced to 90% (a 3% decline). The Resources directorate receive the lion's share of the calls (48%) and showed the most significant decline (87% compared to 91% last year). This is due to the introduction of a different way of handling calls in the York Customer Centre (YCC). During the year the YCC started taking calls for YPAL, (which, in the past, have only answered 59% of calls within 20 seconds). Planning and Building control calls were also added during 2006/07 and former Switchboard staff have been taking on sign-posting calls from customers as part of the improvements brought in by YPAL. This has had a knock on effect upon the overall answering times for the YCC.

Customer First indicators only measure the time it takes to answer a call and does not cover calls that receive an engaged tone. YCC is now helping a greater percentage of the customers that were previously not getting through. The switchboard now handles more complex calls than it used to receive (e.g. it no longer just passes calls through to departments – it will try and resolve simple calls at the first point of contact). As a result, call durations are often longer. This impacts upon the time taken to answer the call, but improves the quality of the customer experience – reducing the need to call again. Over the coming year we plan to review the existing corporate measures to ensure they reflect the quality of customer experience rather than the time taken to initially answer a call. In summary, the YCC are now handling more calls from more service areas, and spending longer on each call in order to improve the overall quality of the customer experience.

Health & safety

- 59 In the past year those accidents and incidents we report to the HSE (Health and Safety Executive) have remained stable (61 for 2006/07 compared to 60 the year before). In comparison to other authorities, York is performing just over the national average. However, our accident and incident figures may rise in the next year as a new and more rigorous reporting system has now been introduced.
- 60 Following a recent meeting with the HSE the Council has agreed to adopt a health and safety management model, which builds strong links between objectives set at a corporate level and those at departmental level. This model will hopefully help us track a programme of continuous improvement across all areas of health & safety.
- 61 The HSE has already expressed an interest in working with us on a stress management project - initially in the Housing and Adult Social Services Directorate. The main aim will then be to roll out stress management across other Directorates, in line with HSE standards.
- 62 If all goes well, we predict that accident/incident rates and RIDDOR reportable incidents should drop over the next 3 years. To assist this, health promotion and well-being events will also be undertaken across the organisation to raise awareness and hopefully embed a new staff ethos for health & safety.

Customer satisfaction & perception

- 63 Overall satisfaction with council services has declined (see table below), whilst over the same time period 67% of the measures that measure satisfaction with specific services have increased or stayed the same.

Three key results over the past 5 years

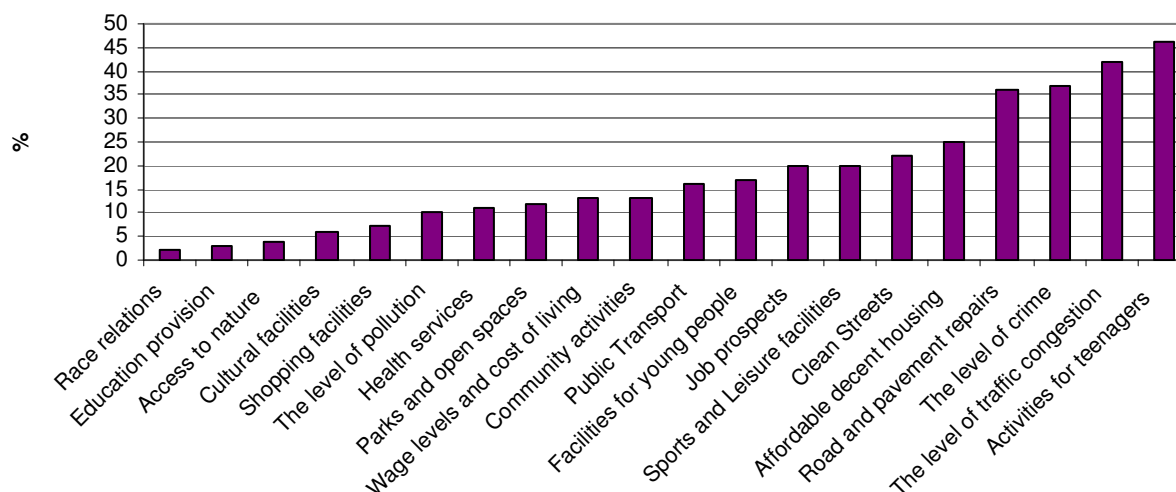
Measurement	2002/03	2003/04	2004/05	2005/06	2006/07	Improving?
Satisfaction with the overall service provided by authority	76%	59%	53%	50%	44%	↓
People feeling that York is a safe city in which to live	40%	49%	47%	51%	53%	↑
Satisfaction with cleanliness standards in their area	47%	60%	62%	61%	71%	↑

- 64 In particular, satisfaction with cleanliness standards and community safety perception levels continue to show encouraging improvement. Satisfaction with cultural and recreational provision in the city has also increased, particularly museums & galleries and libraries.
- 65 There are however, a number of service areas where satisfaction has reduced:
- benefits provision, which has dropped from 68% to 64%.
 - satisfaction with leisure facilities for teenagers, which is now at a just 17%.
 - trading standards, which dropped from 91% to 84% for public customers and from 97% to 89% for businesses. It should be noted that these levels are still extremely high.

The full customer satisfaction results table can be found in Annex F.

- 66 In addition to gathering information on service satisfaction, we also ask our residents “*what services they think are important in making York a good place to live*” and “*what services need to be improved the most.*” The graph below shows that activities for teenagers, traffic congestion, road repairs, crime and affordable decent housing were considered to be the top five things that our customers would want see to improved.

Most Important areas for improvement



67 Annex G plots these results against each other and, although there is no obvious correlation between what's important and what needs to be improved, it clearly sets *'tackling levels of crime in the city'* apart from most other service outcomes.

Corporate priorities

68 This report provides Members with data and graphs for achievement that demonstrate progress across the council's 13 priorities. However, overall progress has been analysed and presented in a more cohesive way in section 2 of the draft BVPP, which provides a more detailed overview of what we have delivered and achieved in year 1 of our corporate strategy. It also sets out our future improvement proposals over the next 2 years. The BVPP also serves as a formal reporting mechanism to help show progress on our priorities to partners, citizens and the government.

Implications

69 There are no financial, IT or property implications from this report.

70 There are however, possible implications for the following areas:

- Legal: There are no formal legal implications. However, under the 1999 Local Government Act on Best Value, we have a duty to publish an annual BVPP before the 30th June each year. The Audit Commission will inspect this document, together with policies and procedures that help develop it, in July and August.
- Crime and Disorder: Paragraphs 35-36 provides performance headlines regarding the progress under the theme of 'community safety'.
- HR & equalities: paragraphs 39-45 and Annex B provide members with progress made in relation to staff performance, including equality based staff indicators. These are assessed by the government under the corporate health performance theme which has recently been identified as an area for future improvement

Risk Management

71 There are no associated risk management issues associated with this report or the 2007/08 BVPP. In the future however, we may be incorporating risk management techniques into the in-year monitor reports to help Executive members understand the implications of poor

performance and/or not taking corrective action. In future these will be highlighted as corporate key performance indicators (or KPIs).

Recommendations

72 Members are asked to:

- note the performance issues identified in this report.
Reason – to ensure members have a full understanding of how the council is performing and what the key areas are that need to be improved.
- Recommend approval of the draft 2007/08 Best Value Performance plan to Full Council so it can be published before the 30 June .
Reason – The BVPP provides staff, members, our partners and members of the public with important information about how the council is performing and our intentions for future service improvement. This needs to be checked and approved by members to make sure it does this effectively. Also, under the council's constitution, the BVPP must be approved by Executive members and Full Council.

Contact Details

Authors:

Policy, Improvement & Equalities Team

Tel: 2057

Chief Officer Responsible for the report:

Heather Rice, Director of People & Improvement

**Report
Approved**



Date 15 June2007

For further information please contact the author of the report

Specialist Implications Officer(s) (None)

Wards Affected: List wards or tick box to indicate all

All



For further information please contact the author of the report

Background Papers:

Best Value Performance Plan 2007/08

Annexes

Annex A: Overview of performance for 2006/07

Annex B: Staff based performance results for 2006/07

Annex C: Predicted CPA scorecard for December 2007

Annex D: Local Public Service Agreement update (LPSA2)

Annex E: Customer First Performance Results

Annex F: Customer satisfaction and perception results

Annex G: Resident feedback graph on what's important against what needs improving

Overview of 2006/07 comparative improvement

Annex A

	Community Safety	Environment & Cleanliness	Planning & Transport	Economy	Culture	Adult Social Services	Housing & Benefits	Children & Education	Corporate Health	TOTAL
Number of indicators	47	43	28	17	17	12	48	35	37	284
Improvement										
Number of indicators showing improvement	26 (55%)	27 (63%)	7 (25%)	6 (35.5%)	6 (35.5%)	7 (58%)	25 (52%)	28 (80%)	15 (41%)	147 (52%)
Number of indicators showing a decline	11 (23.5%)	13 (30%)	6 (21.5%)	4 (23.5%)	4 (23.5%)	5 (42%)	15 (31%)	7 (20%)	13 (35%)	78 (27%)
Number of stable or N/A indicators	10 (21.5%)	3 (7%)	15 (53.5%)	7 (41%)	7 (41%)	0 (0%)	8 (17%)	0 (0%)	9 (24%)	59 (21%)
Comparative										
% of comparable indicators in top quartile	9 (47%)	11 (41%)	7 (50%)	0 (0%)	0 (0%)	1 (16.5%)	4 (15%)	13 (59.5%)	1 (7.5%)	46 (36%)
% of comparable indicators in second quartile	6 (32%)	3 (11%)	5 (36%)	0 (0%)	0 (0%)	4 (67%)	8 (31%)	6 (27%)	4 (31%)	36 (28%)
% of comparable indicators in third quartile	3 (16%)	3 (11%)	1 (7%)	0 (0%)	0 (0%)	1 (16.5%)	8 (31%)	0 (0%)	1 (7.5%)	17 (13%)
% of comparable indicators in bottom quartile	1 (5%)	10 (37%)	1 (7%)	1 (100%)	1 (100%)	0 (0%)	6 (23%)	3 (13.5%)	7 (54%)	30 (23%)
Number of indicators moving up a quartile	8 (42%)	11 (41%)	4 (29%)	0 (0%)	0 (0%)	2 (33%)	11 (43%)	4 (18%)	4 (31%)	47 (33%)
Number of indicators moving down a quartile	1 (5%)	3 (11%)	3 (21%)	1 (100%)	1 (100%)	0 (0%)	4 (15%)	4 (18%)	4 (31%)	20 (15%)

Staff performance – sickness & turnover**Annex B**

Days lost through sickness – average days lost per FTE employee by directorate

Directorate	2005/06	2006/07	Comparative
Corporate Figure	12.48	12.9	York is currently in the bottom quartile of all unitary authorities. The 3 rd quartile threshold is 10.82 days and we would have to reduce sickness absence by nearly 2 days per FTE to move up a quartile.
Chief Executive	8.98	5.07	
Neighbourhood Services	18.66	16.8	
City Strategy	11.11	11.43	
Resources	9.69	10.38	
LCCS	9.01	9.96	
HASS	19.82	21.11	

Days lost for stress related illness

Directorate	2005/06	2006/07	Comparative
Corporate Figure	1.97	2.34	18% of York's sickness absence relates to stress related illness. The local government average is 20%
Chief Executive	0.45	0.57	
Neighbourhood Services	1.62	2.79	
City Strategy	2.23	1.35	
Resources	1.52	1.52	
LCCS	1.36	1.53	
HASS	3.93	4.9	

Days lost to Short-Term and Long-Term Sickness

Directorate	Short-Term Sickness		Long-Term Sickness	
	2005/06	2006/07	2005/06	2006/07
Corporate Figure	5.49	5.76	7	7.14
Chief Executive	4.25	4.65	4.73	0.55
Neighbourhood Services	6.83	7.44	11.83	9.37
City Strategy	5.03	5.78	6.08	5.65
Resources	5.23	5.97	4.44	4.41
LCCS	4.62	4.12	4.4	5.84
HASS	7.4	8.20	12.42	12.91

All Staff Turnover (including dismissals, end of fixed term contracts etc).

Directorate	2005/06	2006/07
Corporate Figure	13.09%	12.02%
Chief Executive	16.80%	14.43%
Neighbourhood Services	16.85%	15.31%
City Strategy	20.81%	14.37%
Resources	11.98%	12.16%
LCCS	11.21%	9.55%
HASS	13.27%	12.91%

Predicted CPA result for December 2007

Annex C

Final CPA 2006 Scorecard (February 2007)

	Category	2006	2006 Notes
	Corporate Rating	3	
	Direction of Travel	Improving adequately	
Level 1	Children & Young People	4	via OFSTED and CSCI
	Adult Social Care	3	via CSCI
	Use of Resources	2	via Audit Commission.
Level 2	Benefits	3	Via BFI
	Culture	2	Cultural Services inspection – 2 PIs – 2
	Environment	3	Waste Management inspection – 2 PIs – 3
	Housing	2	Supporting People Inspection – 2 Housing Management PIs – 2 Community Housing PIs – 2
	Council Rating	3 star	

Issues:

- Reported to Executive 27th March 2007

Forecast CPA 2007 Scorecard (February 2008)

	Category	2007	2007 Notes
	Corporate Rating	3	Certain
	Direction of Travel	Don't Know	Audit work expected to take place Autumn 2007
Level 1	Children & Young People	3 or 4	Currently working on annual performance assessment, (to a new model). Therefore outturn is more uncertain than in previous years.
	Adult Social Care	3	No information at present time to suggest a reduced rating i.e. Good with Promising prospects for improvement - which translates to a 3 in CPA terms.
	Use of Resources	2 or 3	If auditors are satisfied in our partnership arrangements, and if there is no material error in the accounts, then no reason not to expect a 3.
Level 2	Benefits	3	Forecast based on annual self-assessment against BFI's CPA framework.
	Culture	2	PI score = 2, Cultural Services Inspection = 2 Forecast based on mix of 06/07 outturns and latest information on other PIs reporting later in year.
	Environment	2 or 3	PI score = 2 or 3. Forecast based on mix of 06/07 outturns and latest information on other PIs reporting later in year. Waste Management Inspection = 2
	Housing	2	Housing Management PIs = 2 Community Housing PIs = 3, Supporting People Inspection = 2
	Council Rating	3 star	

Issues:

- A new methodology for the Adult Social Care 'star rating' is being introduced for 2006/7. This looks at the seven outcome areas for adults plus commissioning and leadership.
- Audit Commission have still to finalise Culture, Housing and Environment blocks for 2007. However we can use Spring 2007 Audit Commission consultation document as this is unlikely to change much. Still unclear whether inspection scores will be included.
- Culture block position appears secure. However 4 of 17 PIs at risk of being below threshold.
- Environment block. Significant number of 33 PIs still to be calculated – therefore need to be cautious at this stage. However information to date suggests 3 is most likely.
- Housing block. Performance has improved on decency standard, repairs, rent collection, void management, temporary accommodation. However continued improvement is needed to hit enough CPA thresholds on housing management.

Update on progress of our Local Public Service Agreement (LPSA2)

Annex D

Deliverer	Measure	Baseline	2006/7 target	2006/7 actual	Performance at the Conclusion of LPSA2 (2007/8 unless otherwise stated)		Comments	Reward grant available	Reward grant prediction (minimum of 60%)
					Without Stretch	With Stretch			
Neighbourhood Services - Neighbourhood Pride Unit	The proportion of relevant land and highways (expressed as a percentage) that is assessed as having combined deposits of litter and detritus that fall below an acceptable level.	27% (median of 2003/4 and 2004/5)	20%	19%	19%	17%	The Street Scene review has targeted those specific areas that are measured within the BV199 standards and the common complaints received from residents, namely the build-up of detritus and the levels of street cleaning in terraced areas. Significantly improved performance in this area suggests that performance is on track to achieve the stretch in full.	£262,335	100% £262,335
	The % of people satisfied with local cleanliness	60% (2003/4)	63%	71%	66%	70%	The result from the Residents' Opinion Survey is very encouraging and suggests that performance will be sufficient to attract payment of reward grant in full. This indicator represents 20% of the grant available for the street cleanliness target.	£65,584	100% £65,584
Neighbourhood Services - Waste Strategy Unit	Total tonnage of household waste arisings which have been sent by the Authority for recycling.	10,500 tonnes (2003/4)	22,140 tonnes	23,440 tonnes	22,150 tonnes	23,988 tonnes	It is forecast that this encouraging performance will continue to the end of the LPSA agreement and that the performance stretch will be achieved in full.	£327,919	100% £327,919
Safer York Partnership	Number of burglaries	2,346 (2003/4)	1,699	1,081	1,642	1,501	It is forecast that this encouraging performance will continue to the end of the LPSA agreement and that the performance stretch will be achieved in full.	£327,919	100% £327,919
Safer York Partnership	Number of Incidents of violent crime	2,506 (2003/4)	2,344	2,548	2,255	2,181	It is forecast that it will be difficult to make further and significant reductions in this area and that there is a significant risk of failing to achieve performance sufficient to attract payment of reward grant.	£327,919	0%
Safer York Partnership	Theft or unauthorised taking of vehicle (inc. attempts)	1,066 (2003/4)	806	660	746	682	Projections for this indicator suggest that it is on track to qualify for payment of reward grant in full.	£155,762	100% £155,762

Deliverer	Measure	Baseline	2006/7 target	2006/7 actual	Performance at the Conclusion of LPSA2 (2007/8 unless otherwise stated)		Comments	Reward grant available	Reward grant prediction (minimum of 60%)
					Without Stretch	With Stretch			
	Theft from a vehicle (inc. attempts)	3,258 (2003/4)	2,381	2,363	2,281	2,085	Despite only a small improvement this year, projections for this indicator suggest that it is on track to achieve at least 60% of the performance stretch.	£155,762	60% £93,457
	Vehicle interference	544 (2003/4)	403	492	381	348	Influencing the incidence of this crime type is particularly difficult and projections suggest it is unlikely to achieve any performance stretch. This indicator accounts for 5% of the reward grant available for the vehicle crime target.	£16,396	0%
Neighbourhood Services - Environmental Health and Trading Standards	The percentage of illegal sales detected through Test Purchase Programme	17% (2004/5)	10%	12.1 (2006/7) 13.6% (average of 2005/6 and 2006/7)	20%	10% (average of 2006/7 and 2007/8)	Performance in this area is encouraging and it is anticipated will meet the stretch in full. This indicator is calculated by taking an average of the performance over the last 2 years of the agreement. Over the life of the LPSA a minimum of 160 test purchases will be conducted.	£109,305	100% £109,305
	The percentage of residents reporting that 'noisy neighbours or loud parties' in their area represent either a 'very big problem' or a 'fairly big problem'	13% (2005/6)	11%	14%	13%	9%	A deterioration in performance this year means that the performance stretch is unlikely to be achieved. One possible reason for this growth in concern about noise is the increased visibility and accessibility of the council's service.	£109,305	0%
	The percentage of residents that 'agree strongly' or 'tend to agree' when asked "Do you agree or disagree that York is a safe city to live in, relatively free from crime and violence?"	47% (2004/5)	58%	53%	63%	68%	Despite a net improvement in the performance of this indicator over the last two years, it seems unlikely that any stretch in performance can be achieved.	£109,305	0%
Learning Culture and Children's services - Youth Offending Team	A complete count of the number of young offenders who receive; a) a Final Warning or b) are sentenced to a (YOT supervised) disposal by the courts or c) are released from Custody (into YOT or ISSP Supervision) between 1 October and 31 December in the year	37.60% (year ending Dec 2003)	N/A	N/A	35.7%	34.60%	Measurement of this indicator will not be possible until the completion of the cohort to which it relates. Final results will be available after December 07.	£163,960	??
	Average number of offences committed per young offender, whilst subject to a bail or remand episode during the specified year.	3 (2004/5)	N/A	N/A	2.9	2.8	Measurement of this indicator will not be possible until the completion of the cohort to which it relates. Final results will be available after April 08.	£163,960	??

Deliverer	Measure	Baseline	2006/7 target	2006/7 actual	Performance at the Conclusion of LPSA2 (2007/8 unless otherwise stated)		Comments	Reward grant available	Reward grant prediction (minimum of 60%)
					Without Stretch	With Stretch			
City Strategy - Transport Planning Unit	Number of people killed or seriously injured (KSI) in road traffic incidents on York's roads.	122 (2004)	102 (2006)	160 (2006)	95	85	Performance for this indicator (measured per calendar year) has been poorer than expected. As the performance stretch is measured as an average over the life of the agreement, there would need to be fewer than 100 road deaths and serious injuries in the next two years to meet the LPSA target. It seems very unlikely therefore that this target will qualify for payment of reward grant.	£327,919	0%
					Mean yearly average Jan 2006 - Dec 2008				
Resources - Public Services	The number of new successful claims or increases in existing awards of the benefits listed below achieved with the help of the City of York Council: Housing Benefit (HB), Council Tax Benefit (CTB), Attendance Allowance (AA) or Disability Living Allowance (DLA) or Pension Credit.	1,070 (year ending Dec 2005)	1,395	530 (1,600 cumulative 2005/6 and 2006/7)	2,140	2,840	Performance this year has been lower than expected. Vacancies in the team and delays in recruitment have been contributing factors. Despite this, projections suggest at least 60% of the stretch may still be achieved.	£327,919	60% £196,751
					Cumulative total for the two years ending 2007/8				
Learning Culture and Children's Services – Lifelong Learning	The number of adults achieving an Entry Level 3 qualification as part of the Skills for Life Strategy through Adult and Community Learning York.	27 (academic year ending July 2005)	23 (academic year ending July 2006)	17 (academic year ending July 2006)	93	113	Performance this year has been close to target and suggests that it is likely to be sufficient to attract 60% of the reward grant available. It is however difficult to predict with certainty how an increased number of adult learners gaining qualifications may be distributed according to the targets for the 3 levels of qualifications shown.	£32,792	60% £19,675
	The number of adults achieving a Level 1 qualification as part of the Skills for Life Strategy through Adult and Community Learning York.	64 (academic year ending July 2005)	70 (academic year ending July 2006)	67 (academic year ending July 2006)	220	360		£114,772	60% £68,863
	The number of adults achieving a Level 2 qualification as part of the Skills for Life Strategy through Adult and Community Learning York.	124 (academic year ending July 2005)	150 (academic year ending July 2006)	151 (academic year ending July 2006)	497	559		£114,772	60% £68,863
	The number of adults registering for and	763	838	897	2,349	2,519		The growth in the number of adult	£65,584

Deliverer	Measure	Baseline	2006/7 target	2006/7 actual	Performance at the Conclusion of LPSA2 (2007/8 unless otherwise stated)		Comments	Reward grant available	Reward grant prediction (minimum of 60%)
					Without Stretch	With Stretch			
	completing learning programmes offered by or in York's public libraries.	(2004/5)		(1660 cumulative to date)	Cumulative total for the 3 years ending 2007/8		learners completing courses is encouraging and suggests that achievement of the stretch will be fulfilled. Any down turn as a result of the closure of Acomb library for refurbishments this year, It is hoped, will be off-set by the provisions of additional facilities at the central library.		£65,584
Learning Culture and Children's Services – Access & Inclusion	Percentage of young people age 16-18 who are NEET (not in education, employment or training).	4.50% (Nov 2004)	4.4%	3.73% 2006/7	4%	3.70%	This year's out-turn is extremely encouraging and suggests performance is well on track to meet the 2008 stretch target in full.	£327,919	100% £327,919
					November 2008				
Learning Culture and Children's Services - Sport and Active Leisure	% of adult residents participating in at least 30 minutes moderate intensity sport and active recreation (including recreational walking) on 3 or more days a week	24.78% (2006/7 and baseline)	N/A	24.78% (2006/7 and baseline)	0% increase	baseline +3%	Predicting the eventual performance of this indicator is extremely difficult given the longitudinal nature of the study. The Sport England survey to establish its baseline won't be repeated until 2008/09 making estimates of interim progress problematic. Data on healthy lifestyles from the Talkabout surveys show encouraging improvement, though the methodology used here is significantly different.	£262,335	??
	% of 5-16 year olds participating in an average of 2hrs high quality PE and school sport per week within and beyond the curriculum during one complete school year.	62% (2005)	N/A	71% (2006)	85%	88%	The performance of the survey result shown is encouraging and higher than the national average. This suggests that further enhancement towards the stretch target can be achieved.	£65,584	60% £39,350
					Academic year ending July 2008				

Customer First indicator results

Annex E

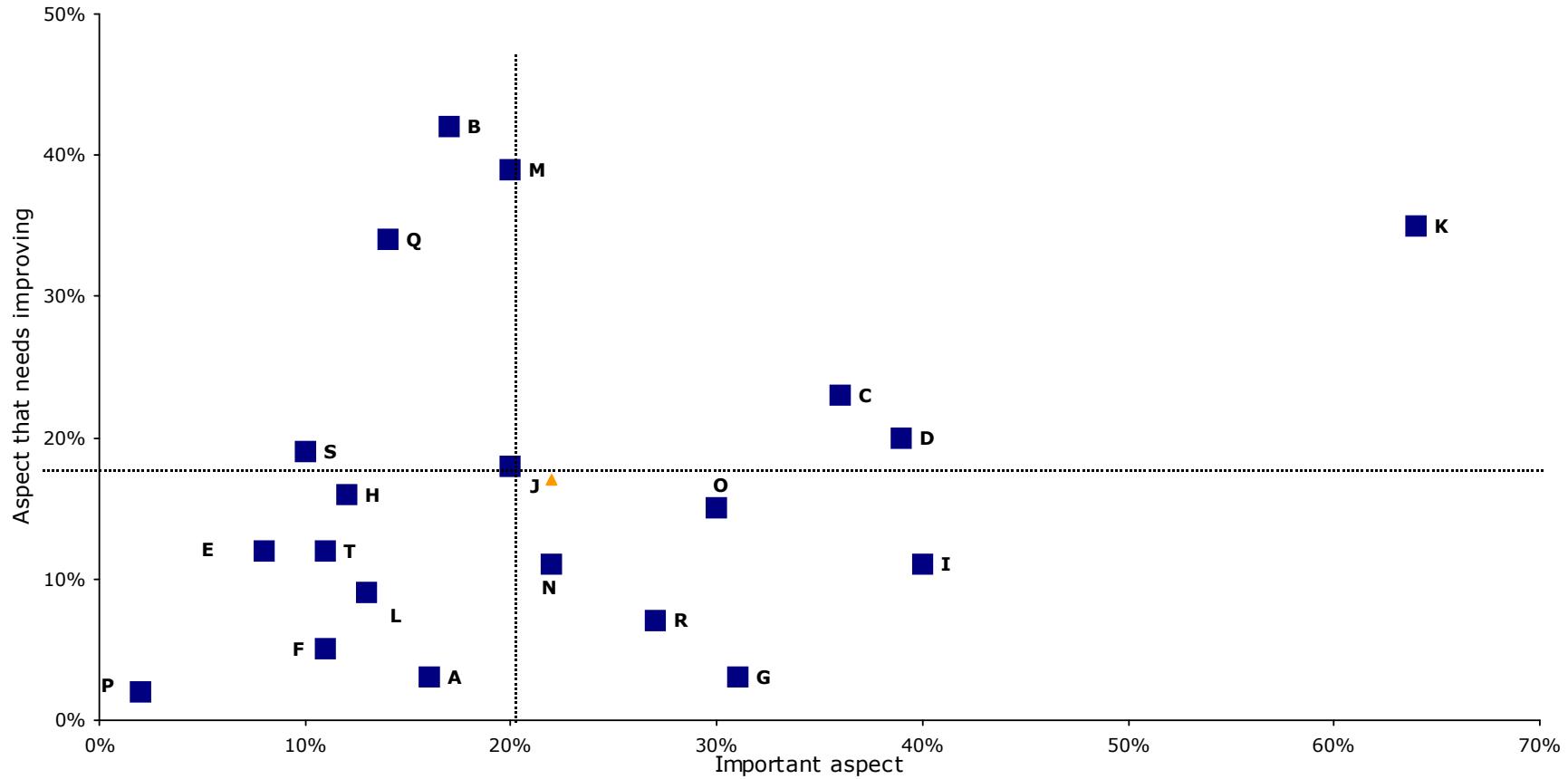
Letters dealt with within 10 days	2005/06	Total for 2006/07		Change from 2005/06	Target achieved?	
		Total rec'd	% answered			
Target = 95%						
Chief Executive's	98%	4,966	97%	stable		✓
Neighbourhood Services	86%	678	92%	improved		✗
HASS	91%	6,195	93%	improved		✗
LCCS	98%	10,447	98%	stable		✓
City Strategy	95%	1,660	93%	declined		✗
Resources	87%	16,150	95%	improved		✓
Total for Council	94%	40,096	95%	stable		✓
Stage 2 Complaints dealt with within 10 days Target = 95%	2005/06	Total for 2006/07		Change from 2005/06	Target achieved?	
		Total rec'd	% answered			
Chief Executive's	100%	1	100%	stable		✓
Neighbourhood Services	n/a	0	0%	n/a		n/a
HASS	59%	35	74%	improved		✗
LCCS	93%	8	100%	improved		✓
City Strategy	50%	8	75%	improved		✗
Resources	100%	14	100%	stable		✓
Total for Council	76%	66	83%	improved		✗
Stage 3 Complaints dealt with within 10 days Target = 95%	2005/06	Total for 2006/07		Change from 2005/06	Target achieved?	
		Total rec'd	% answered			
Chief Executive's	n/a	0	0%	n/a		n/a
Neighbourhood Services	n/a	0	0%	n/a		n/a
HASS	26%	16	50%	improved		✗
LCCS	n/a	1	100%	n/a		✓
City Strategy	100%	6	17%	declined		✗
Resources	100%	3	100%	stable		✓
Total for Council	40%	26	50%	improved		✗
Visitors seen within 10 minutes Target = 100%	2005/06	Total for 2006/07		Change from 2005/06	Target achieved?	
		Total visitors	% seen			
Chief Executive's	100%	2,972	100%	stable		✓
Neighbourhood Services	n/a	642	100%	n/a		✓
HASS	97%	25,765	96%	stable		✗
LCCS	100%	33,253	100%	stable		✓
City Strategy	100%	9,474	100%	stable		✓
Resources	99%	48,786	99%	stable		✗
Total for Council	99%	120,892	99%	stable		✗
Those needing further help seen within 10 minutes Target = 100%	2005/06	Total for 2006/07		Change from 2005/06	Target achieved?	
		Total visitors	% seen			
Chief Executive's	99%	2,443	100%	stable		✓
Neighbourhood Services	n/a	642	100%	n/a		✓
HASS	88%	3,568	87%	stable		✗
LCCS	100%	15,821	100%	stable		✓
City Strategy	100%	1,530	100%	stable		✓
Resources	100%	1,776	100%	stable		✓
Total for Council	97%	25,780	98%	stable		✗
Phone calls answered within 20 seconds Target = 95%	2005/06	Total for 2005/06		Change from 2005/06	Target achieved?	
		Total rec'd	% answered			
Chief Executive's	97%	58,021	95%	declining		✓
Neighbourhood Services	80%	130,134	83%	improving		✗
HASS	91%	308,234	92%	stable		✗
LCCS	95%	229,141	94%	stable		✗
City Strategy	93%	183,865	94%	stable		✗
Resources	91%	835,555	87%	declining		✗
Total for Council	93%	1,744,950	90%	declining		✗

Customer satisfaction & perception**Annex F**

Code	Description	2002/03	2003/04	2004/05	2005/06	2006/07	Trend
BV3	% of citizens satisfied with the overall service provided by their authority	76%	59%	53%	50%	44%	Declining
BV4	% of complainants satisfied with the handling of their complaint	No survey	30%	21%	24%	33%	Improving
BV74a	Satisfaction of tenants of Council housing with the overall service provided by their landlord	89%	83%	80%	79%	80%	Stable
BV75a	Satisfaction of tenants of Council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord	58%	66%	72%	55%	57%	Declining
BV75c	Satisfaction with participation (non Black & Ethnic Minorities)	58%	66%	35%	55%	57%	Stable
BV80g	Benefits satisfaction survey - overall satisfaction	No survey	71%	No survey	68%	64%	Declining
BV89	% of people satisfied with cleanliness standards in their area	47%	60%	63%	61%	71%	Improving
BV90a	% of people satisfied with household waste collection	78%	91%	87%	69%	72%	Improving
BV90b	% of people satisfied with waste recycling facilities	No survey	70%	62%	54%	75%	Improving
BV90c	% of people satisfied with waste disposal (Local tip)	No survey	69%	69%	67%	86%	Improving
BV103	% of 'users' satisfied with public transport information	76%	57%	55%	59%	54%	Stable
BV104	% of all respondents satisfied with the local bus service	66%	67%	67%	74%	71%	Stable
BV111	% of planning applicants satisfied with the service received	No survey	74%	No survey	No survey	81%	Improving
BV118b	% of adult library users reporting success in gaining information as a result of a search or enquiry	75%	67%	No survey	No survey	86%	Improving
BV119a	% of residents satisfied with the Sports and leisure	56%	55%	44%	40%	41%	Declining
BV119b	% of residents satisfied with the Libraries	68%	70%	64%	66%	73%	Improving
BV119c	% of residents satisfied Museums & Galleries	72%	72%	62%	67%	76%	Improving
BV119d	% of residents satisfied with Theatres and concert halls	71%	73%	65%	67%	68%	Stable
BV119e	% of residents satisfied with Parks and Open Spaces	67%	77%	70%	76%	78%	Improving
CG12	% of people who feel the Council keeps them informed	63%	61%	53%	50%	54%	Stable
CG13	% of people surveyed satisfied with the amount of information provided by the Council	72%	63%	46%	46%	44%	Declining
CC2	% of people feeling that York is a safe city in which to live	48%	49%	47%	51%	53%	Improving

Code	Description	2002/03	2003/04	2004/05	2005/06	2006/07	Trend
COLI 15	% of York residents concerned about vandalism	58%	68%	68%	45%	50%	Declining
COLI 16	% York residents concerned about speeding cars and lorries	61%	69%	73%	62%	62%	Stable
COLI 22	% of residents concerned about young people hanging around on the streets.	46%	61%	67%	53%	54%	Stable
COLI 28	% of residents willing to report crime and anti-social behaviour.	60%	55%	57%	76%	70%	Declining
COLI 29	% of people concerned about going out alone in York	34%	30%	27%	25%	26%	Stable
COLI 30	% people concerned about leaving the house empty.	52%	60%	55%	44%	43%	Declining
COLI 5	% of people satisfied with local area/ neighbourhood	77%	72%	78%	73%	75%	Stable
COLI 53	% of residents who feel that the Council takes their views into consideration when making decisions which affect them	33%	32%	25%	29%	25%	Stable
COLI 6	% of tenants satisfied with the maintenance of local open spaces	80%	84%	84%	77%	67%	Declining
CYP7	% of residents satisfied with leisure activities for young people	24%	18%	25%	29%	17%	Fluctuating
E30	% of customers satisfied with Trading Standards	98%	96%	*86%	91%	84%	Declining
E31	% of businesses satisfied with Trading Standards	79%	85%	100%	97%	89%	Declining
No code	% of people saying noisy neighbours are a problem	No survey	20%	17%	13%	14%	Stable
No code	% of people satisfied with the York area	No survey	70%	81%	75%	74%	Stable
VH 37	% of people satisfied with the condition of roads & pavements in York	43%	47%	51%	56%	51%	Stable

Our resident's views - what's important against what needs improving



- A - Access to nature
- B - Activities for teenagers
- C - Affordable decent housing
- D - Clean streets
- E - Community activities
- F - Cultural facilities (e.g. Cinemas, museums)
- G - Education provision
- H - Facilities for young children
- I - Health services
- J - Job prospects
- K - Level of crime
- L - Level of pollution
- M - Level of traffic congestion
- N - Parks and open spaces
- O - Public transport
- P - Race relations
- Q - Road and pavement repairs
- R - Shopping facilities
- S - Sports & leisure facilities
- T - Wage levels / local cost of living
- ▲ Average

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Executive**26th June 2007**

Report of the Director of Resources

General Fund - Provisional Revenue Outturn 2006/07**Summary**

1. This report sets out the projected 2006/07 outturn position on the General Fund Revenue Account, the Housing Revenue Account (HRA), the Collection Fund and the Public Sector Agreements (PSAs) for 2006/07. In line with this information it asks the Executive to consider requests for underspent project budgets to be carried forward and resultant transfers to reserves.
2. Traditionally this report has been used to provide the Executive with a detailed outturn report for all directorate and corporate budgets. However, in many instances this approach merely duplicates information which has already been reported to Executive Members via the EMAP process. Alongside this as part of the CPA process the Audit Commission is advising all council's that their monitoring systems should aim to focus attention on key issues which have arisen. As a result this report adopts a new model which whilst it summarises overall performance only provides detailed information on those areas which are deemed to be significant due to the reasons for their occurrence or the overall size of the variance.
3. It should be noted that responsibility for a number of corporate budget areas is reserved to the Executive and, as such, areas are reported at a more detailed level.
4. All general fund portfolio areas except Children's Services have managed to outturn within their budget level of funding and even in that instance the net overspend for LCCS's General Fund services is just £12k. Overall these areas have combined to provide an underspend of £2.44m. In addition corporate budget areas have also contributed a £1.37m underspend providing an overall underspend of £3.81m.
5. To achieve these objectives the report focuses on the following issues:
 - a. the provisional outturn for the General Fund, which comprises departmental budgets and centrally held budgets (paragraphs 16 to 54) and the requests to carry budgets forward into 2007/08 (paragraphs 55 to 58);
 - b. key issues identified as part of the outturn process;
 - c. outturn details for the Housing Revenue Account and other non-general fund budget areas (paragraphs 29 to 31 and 46 to 47);
 - d. the outturn position on the Collection Fund (paragraphs 59 to 60);

- e. an update on the achievements of efficiency savings/additional income incorporated into the 2006/07 budget (paragraph 61);
 - f. the outturn position on the use of Reserves and Balances (paragraphs 62 to 66);
 - g. the position of the Public Sector Agreements (paragraphs 71 to 72);
 - h. provides and update on the future issue of PFI Waste (paragraphs 73 to 79)
6. As a result of the action taken within directorates to manage the overspends identified in earlier monitoring reports there has been an improvement of £2.604m from the last monitor. As shown below this will enable £2.290m to be transferred into the general fund reserve.

	<u>£'m</u>
Portfolio Underspends	2.585
Portfolio Overspends	-0.142
Corporate Underspends	1.366
Total	3.809
Carry Forward Requests	-1.519
Net Underspend Transferred to Reserves	2.290

7. The level of total reserves at 31 March 2007 incorporating these underspends but before allowing for agreed carry forwards is £9.637m. After allowing for the use of balances already approved as part of the 2007/08 budget process (£1.312m), the carry forward requests (£1.519m), requests for supplementary estimates in 2007/08 (£223k), and assumed use of Neighbourhood Services trading account reserves (£0.109m), the available level of reserves at 31 March 2008 is forecast to reduce to £7.396m. The minimum level of recommended reserves for 2006/07 was £4.95m (£5.2m in 2007/08). The position on reserves and balances for 2006/07 is further discussed in paragraphs 62 to 66.
8. While the overall reserves position and outturn have improved due to a number of one-off occurrences this masks the true financial position of the authority. In overall terms the council faces a number of on-going budget pressures and in future budget rounds will need to identify appropriate actions to control and mitigate them. The use of reserves to plug such gaps is unsustainable as it merely offsets problems to the future and can lead to a continuing deterioration in the council's underlying financial position. The council's policy of only using one-off resources to meet one-off spending pressures is designed to explicitly negate such a risk.
9. In addition to the overall resilience of the council's budget the report highlights a number of key concerns for members to consider:
- a. The scale of underspends within the Resources Directorate and on the Corporate Budgets;
 - b. The scale of pressures facing social care services provided by HASS and

LCCS;

- c. Whether improvements should be made to the quality of financial monitoring within the authority.
10. The other main messages in the report are as follows:
- a. Children's Services reported an underspend against the Dedicated Schools Grant (DSG) of £0.598m which is required to be held in a reserve to spend on schools' in future years.
 - b. The HRA working balance is provisionally £5.990m of which £0.563m is required as a carry forward to 2007/08 to fund decent home elements of the capital programme and £0.039m is requested to be carried forward.
 - c. Neighbourhood Services are reporting a gross surplus of £0.139m against a year end deficit budget of £0.017m on their trading account (this represents a £156k underspend). It is proposed to transfer the £139k to the trading account reserve to assist with future pressures.
 - d. The collection of in-year debt on both council tax and national non-domestic rates (NNDR) has improved from those experienced during 2005/06 and the year-end surplus on the Collection Fund is £1,100k, which is £40k more than that included in the 2007/08 budget. This will release £32k to the council as part of the 2008/09 budget setting process.
 - e. In examining the apparent movements between the second monitor and this report it has become clear that the council needs to make improvements in its financial management arrangements. During 2007/08 work will need to be undertaken to produced enhanced management awareness of the underlying financial position through improvements to budget forecasting and the identification of slippage.

Background

11. The council requires departments to maintain expenditure within their overall budget allocation. Where an unpredictable event occurs that is not manageable within these budgets, a report should be presented to the Executive seeking additional funding either through an allocation from the contingency fund or from reserves. In line with this requirement all departments have taken positive action to ensure that the tightest financial controls are in place to manage spending pressures within their allocated resources.
12. The outturn is based on the latest balances after the closedown of all the Council's revenue and capital accounts and the finalisation of the year end accounting exercise, which takes all known outstanding liabilities and income due to the Council into consideration. The Executive should note that there is the possibility of further adjustments following the Audit Commission's formal review of the accounts during August and September.
13. The Executive should also note that all the provisional outturn reports have been prepared prior to the implementation of year-end pension adjustments in order to comply with accounting standard FRS17. This has been done in order to keep consistency with figures reported in monitoring reports

throughout the year. The FRS17 adjustments will be included in the figures reported within the Statement of Accounts which is elsewhere on this agenda.

14. There has been a continued improvement in the Council's position since the second monitoring report projected an underspend of £0.229m that in itself showed a significant improvement on the first monitor which gave a projected overspend of £2.4m. There are many reasons for this and these are set out in the body of this report and in the earlier detailed reports submitted to EMAPs.
15. The financial year end is an artificial cut off point, essential for control and reporting purposes. However, the existence of an underspend at that particular date does not mean that the resources are no longer required to complete ongoing projects. Through the carry forward of such funding into the new financial year on-going projects can be better managed especially through the removal of perverse incentives for budget holders to spend outstanding budgets before the year-end. The total amount recommended for carry forward is £1.519m. The details of these proposals are set out in full in Annex 4.

The General Fund

16. The General Fund net expenditure budget for 2006/07 set by Council on 1st March 2006 was £99.058m (£97.769m before the use of balances and reserves). Following the in year adjustments detailed at Annex 1 this budget increased to £100.479m.
17. The summary outturn for the General Fund is shown in Table 1. A comparison of the movement in the projected under and overspends from the last monitoring report is set out in Annex 2. Information on the components of the variations can be obtained by reading the individual EMAP reports. As central budgets are not reported to an EMAP an analysis of the key items which comprise current under and overspends for central services is included at Annex 3.

Portfolio	Currently Approved Budget			Provisional Out-turn £000	Variance Out-turn to Net Budget	
	Gross Exp. £000	Income £000	Net Budget £000		£000	%
Children's Services	35,263	10,190	25,073	25,215	+142	0.6
Leisure and Culture	14,102	4,274	9,828	9,698	-130	1.3
Economic Development	5,916	3,644	2,272	2,262	-10	0.4
City Strategy	33,425	19,560	13,865	13,645	-220	1.6
Neighbourhood Services	19,241	5,369	13,872	13,504	-368	2.7
Chief Executive's Department	9,137	3,871	5,266	5,035	-231	4.4
Resources	60,123	55,200	4,923	3,642	-1,281	26.0
Housing General Fund	13,840	12,323	1,517	1,377	-140	9.2
Adult Social Services	56,560	23,831	32,729	32,524	-205	0.6
Total of Portfolios	247,607	138,262	109,345	106,902	-2,443	2.2
Centrally Held Budgets						
Asset Management	(13,094)	-	(13,094)	(13,094)	-	-
Contribution from Cap Finance Account	-	5,773	(5,773)	(5,773)	-	-
Treasury Management	9,988	3,249	6,739	6,278	-461	6.8
Other Central Budgets	3,284	-	3,284	2,357	-927	28.2
General Contingency	-	22	(22)	-	+22	-
Non DSG General Fund Total	247,785	147,306	100,479	96,670	-3,809	3.8
Children's Services (DSG)	111,839	32,041	79,798	79,200	-598	0.7
General Fund Total	359,624	179,347	180,277	175,870	-4,407	4.5

Table 1 – Summary Outturn

18. All general fund portfolio areas except Children's Services have managed to outturn within their budget level of funding. Overall these areas have combined to provide a £2.44m underspend. In addition corporate budget areas have also underspent by £1.37m producing a gross underspend on the non-dsg general fund of £3.81m. Children's Services has overspent by £142k, or by 0.4% against gross general fund turnover of £35,263k, although this excludes the Dedicated Schools Grant element of the budget that underspent by £0.598m.
19. As explained earlier this report does not look to provide a full detail of all services but instead focuses on those areas where significant variances have occurred. Members may wish to focus their attention on the following areas and issues:
- a. Significant Underspends
- Following the repayment of £0.589m of outstanding venture fund loans Resources have underspent by £1.281m (26.8%). This is largely due to slippage on major IT projects, specifically the replacement FMS and social care systems, but also because of an improvement in the level of Housing Benefit overpayments and the recovery of those overpayments. After carry forward requests of £0.564m, there is a net underspend of £0.717m to contribute to reserves. More details are provided in paragraphs 36 to 40.
 - Central budgets have underspent by a total of £1.387m comprising Treasury Management £0.461m (6.8%) and other Central Budgets £0.927m (28.2%). Full details of the position on central budgets is

reported at paragraphs 48 to 54.

- b. While the overall reserves position and outturn have improved due to a number of one-off occurrences this masks the true financial position of the authority. In overall terms the council faces a number of on-going budget pressures and in future budget rounds will need to identify appropriate actions to control and mitigate them. Particular concern attention may wish to be directed at the resilience of budgets in:
- Housing and Adult Social Services.
 - Leisure, Culture and Childrens Services.
- c. The overall quality of monitoring, especially in relation to the variations between the second monitor and this report.

LCCS

20. LCCS has outturned with a surplus £586k, an improvement since the last monitor of £236k. Within this there is a deficit of £142k on childrens services general fund budgets, supported by underspends on DSG, and Leisure and Culture of £598k and £130k respectively. The basis of this was reported to the Childrens Services EMAP on the 12/06/07 and, Leisure and Culture EMAP on the 05/06/07¹. As a result, in terms of the general fund the position is essentially balanced with a net overspend of just £12k. However this position masks particular pressures, most notably in respect of the position within Children and Families where, since the second monitor additional costs of £164k have been identified mainly due to an increase in the number of looked after children requiring fostering support.
21. Members need to be clear about the significance of the overspend in Children's Services. Most of the pressure relates to the increase in the number of looked after children requiring fostering support and Home to School Transport. Both of these service areas are demand led and expenditure is likely to be recurring in 2007/08 with pressures already identified of £280k. Work is continuing to look at solutions for containing these costs within the existing resources; to quantify the extent of these on-going pressures; and to identify potential mitigatory action to cope with them within resources allocated to the directorate for 2007/08. The outcome of such work will be reported as part of the first 2007/08 monitor cycle
22. The majority of the Directorate's underspend has occurred in areas funded by the dedicated schools grant which has underspent by £598k (an increase of £231k from the second monitor). Under the regulatory framework attached to this grant this underspend will need to be recycled into schools as part of their 2007/08 funding. The major changes from the second monitoring report are set out briefly below:

¹ It should be noted that the Leisure and Culture underspends are the result of a number of events that due to their individual scale are not dealt with in this report. Should members wish to examine this area then they will need to refer back to the EMAP paper from the 5 June 2007.

	£000
<u>Underspend Areas</u>	
a) Underspend on the Schools Specific Contingency budget mainly in relation to provision for the West of York Review.	(175)
b) An increase in the actual amount of DSG available following the completion of Children's Services Grant adjustments	(98)
c) An increase in the underspend on Out of City Placements of £95k but offset by increased costs on Inclusion Support Packages of £48k.	(47)
<u>Overspend Areas</u>	
d) An increase of £60k in the net cost of support required for statemented children from School Based Area Teachers and Learning Support Assistants.	+60
e) Child & Adolescent Mental Health Services grant of £48k carried forward from 2005/06 in error has had to be repaid.	+48

City Strategy

23. City Strategy has outturned with an underspend of £230k (Economic Development £10k, Planning and Transport £220k). There is no further discussion of the Economic Development position in this report other than to note the request for a carry forward of £7k to fund the slippage of the Without Walls Local Area Agreement document and web site update.
24. Following a £119k transfer to Economic Development (approved at the previous monitor) the rest of City Strategy has underspent by £220k. As this underspend has been achieved despite shortfalls in key income the outturn position masks what may be significant underlying problems in the directorate. Key variances which should be noted by the Executive are:

	£000
<u>Underspend Areas</u>	
a) Staff Based Savings	(197)
b) Surplus Car Parking Income	(175)
c) Additional Planning Fees	(155)
d) Highways Maintenance	(128)
e) Savings on Car Parking Expenditure	(103)
f) Underspend on Public Enquiries	(79)
<u>Overspending Areas</u>	
g) Shortfall on Building Control and Land Charge Income	137
h) Shortfall on Penalty Charge Notices	118
i) Write back of unrecoverable ascot meeting debt	116
j) Capital Programme Fees and Section 38 Developer Income	102

25. It is important to consider whether any variances highlighted are of a recurring nature that will affect 2007/08. The surplus of parking income and the shortfall of Land Charges income have been addressed in the 2007/08 budget. The overspend on street lighting energy is being addressed by entering into a new maintenance contract. The downturn in building control

income may continue as interest rates continue to increase. The surplus in planning applications will also require detailed monitoring to look at changes in volume as well as significant fees from major developments within the city. In addition the amount of Planning Delivery Grant has not been determined for 2007/08 and there are national proposals to increase the level of planning fees. Both these factors may have an adverse impact on income streams.

26. From the £220k underspend there are four carry forward requests totalling £180k. These are detailed at Annex 4.

Neighbourhood Services

27. The Neighbourhood Services budgets are split in to Trading and Non Trading activities which underspent by £156k and £368k respectively. This is a significant change from the last monitor when the projected position was a combined overspend of £57k.
28. On the Non-Traded Services there have been two significant underspends and one significant overspend. These are:
- a) Neighbourhood Management has underspent by £109k including an £82k underspend on ward committee budgets, of which £55k is committed to local schemes.
 - b) An underspend of £109k has also occurred on Waste Management, Refuse and Recycling caused by the combined affects of a £68k saving on kerbside recycling where landfill tax savings outweighed the costs of collection; unbudgeted grant income of £82k in relation to the WEEE directive; and savings of £29k in the waste strategy unit because of delays to a number of initiatives. These underspends were, however, offset by a £70k overspend on security at the Hazel Court Household Waste site.
 - c) In addition to the above a shortfall in income from recharges for air quality assessment work done for City Strategy, plus a one off charge relating to contaminated land sampling and legal costs relating to noise abatement measures at Elvington Airfield led Environmental Health and Trading Standards to overspend by £39k.
29. The traded services elements of the directorate had a budgeted turnover of £24.7m, with a target surplus of £189k. Since the budget was set there have been a number of changes to the underlying cost base and members have previously agreed that the target surplus be replaced with a contribution from general fund services (as the saving was being made within general fund services) of £17k.
30. At the second monitor report Neighbourhood Services were reporting a small trading loss, but also reported that expenditure was being closely monitored and external work was being sought. The provisional outturn position is that the service will have made a £139k surplus on its activities without taking into account the transfer from general fund balances.
31. Early reviews of the 2007/08 budget position have identified that the traded services may face additional one-off cost pressures relating to some final health and safety works at the eco-depot and pressures related to functional

areas. On this basis it is considered prudent for the Commercial Services reserve to be increased from its current £300k to £439k. If additional cost pressures in 2007/08 are avoided then this reserve could be suitably reduced in future years.

32. From the underspend of £524k, there were seven carry forward requests totalling £182k all of which relate to non-traded areas. Full details are detailed Annex 4.

Chief Executives Department

33. As part of its 2006/07 budget the directorate was required to identify £150k savings from a departmental restructure. This resulted in a number of appointments being delayed and pressure on managers to minimise spending. As a result the Directorate underspent by £231k. The main variances are detailed below:

	£000
a) Human Resources due to slippage on the job evaluation project and savings in a number of other areas.	(104)
b) The Civic, Democratic & Legal Services underspend has also come from a number of areas including £68k of staff related savings.	(103)
c) Director of People & Improvement budget has overspent of +£29k due to the earlier than anticipated appointment of the new Director and Personal Assistant.	+29

34. There are two significant financial pressures that have arisen since the 2007/08 budget was agreed that members are also being asked to consider. These are supplementary estimate requests and, as such, are reported at paragraphs 68 to 70.
35. In addition to these two requests for funding in 2007/08 the EMAP identified five carry forward requests for projects that have slipped, amounting to £52k. These are detailed at Annex 4.

Resources

36. At £1.281m Resources has the largest underspend of any directorate and one which is £1.21m greater than that reported at the second monitor. This scale of variation between previous forecasts and outturn is a cause for concern. It is important to note, however, that this underspend is substantially due to a number of projects and initiatives resourced for 2006/07 which have either slipped or have been deferred into 2007/08 and so does not represent an on-going level of additional funds available for future years. If they are to be completed the funding of £564k will have to be carried forward in to 2007/08. The carry forward request relates primarily to four key projects, £256k to finalise Easy Stage 1, £153k for the replacement FMS project, £60k for the Social Care Replacement Programme and £50k for the income collection project. Changes to the accounting treatment of expenditure on property sales has meant that there is an underlying pressure

of £194k. These changes have been partially offset by the recovery of a bad debt but because the pressure is a result of a change in accounting policy it is normal that a supplementary estimate is provided. The proposed adjustment involves transferring £135k from reserves to cover this part of the overspend.

37. Key variances against budget include:

- a. The £1,032k underspend on IT&T budgets relates to slippage on the FMS replacement, Social Care system and Easy projects. 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;
 - Five are due to insufficient resource availability from the business departments;
 - Four are behind schedule because of procurement issues;
 - Three have not progressed because the requirements changed within the business or are being re-assessed;
 - Two are running late because of technical issues;
 - One project where the proposed solution proved unsuitable for the requirement .
- b. Public Services has underspent by £364k due to a reduction in the number of Housing Benefit overpayments and an improvement in the collection of overpayments which has led to a reduction in the provision for bad debts. There has also been an improvement in the Council Tax benefits position.
- c. The £261k underspend on Financial Services is primarily due to slippage on the FMS replacement which will be implemented in 2008/09 (£153k). This underspend, which relates to extant project management costs, is subject to a carry forward request. The balance of the underspend relates mainly to in year savings on staffing budgets.
- d. The majority of the £70k overspend on Audit and Risk Management is due to an unachievable procurement saving target which have since been removed as part of the 2007/08 budget.
- e. While the Property Services trading account has a small net underspend of £7k this position masks an overspend of £194k on the costs of maintaining surplus assets prior to sale. To cover these additional costs the service has secured additional income from the commercial rents and capital programme fees of £65k and, due to building disposals, been able to reduce its internal bad debt provision by £92k.

38. As a result of its financial position the directorate took the opportunity to repay its outstanding venture fund loans totalling £589k which related to SX3, Procurement and work undertaken to improve Hospital Fields Road

workshops. If this repayment had not been taken the directorates gross underspend would have been £1.87m.

39. The overall scale of the directorate's underspend and the change from the second monitor are both a cause for concern. Most notably there appear to have been problems in the identification, monitoring and reportage of slippage on key projects. This is an issue which the council as a whole will need to address as part of future monitoring arrangements.
40. The directorates carry forward requests are detailed at Annex 4.

Housing and Adult Social Services

41. In total HASS have underspent by £345k an improvement of £278k from the projected position in the second monitor. As the Housing General Fund element of the overall underspend was £140k, a £73k improvement since monitor two this is not dealt with further in this report other than to ask the Executive to note that the service has made requests for a £15k carry forwards which is detailed at Annex 4,
42. Throughout 2006/07 members have been briefed on the financial problems facing the council's adult social services functions and it is worth remembering that these were problems which had themselves followed on from the portfolio's £793k overspend in 2005/06. At the first monitor members were informed of a projected overspend of £1.7m and, alongside internal saving proposals totalling £694k, agreed actions to transfer £936k into this area, £400k of which represented on-going budgetary provision. This investment, alongside management action, has enabled the directorate to deliver a balanced year end outturn.
43. The breakdown of the underspends / variances are as follows:

	£000
Corporate Services (<i>£435k underspend</i>)	
<u>Underspend Areas</u>	
a) Expenditure deferred to offset budget pressures across the department	(395)
Adult Services (<i>£156k overspend</i>)	
<u>Underspend Areas</u>	
b) Internal Home Care Service	(330)
c) Residential & Nursing Care – Under spend on care costs of £490k partially offset by underachievement of income (£190k) due to lower than anticipated admissions and also reduction in number of Transitional care beds contracted for.	(286)
d) Elderly Persons' Homes – Overspend of £147 on staffing due to cover for staff sickness and increased staffing levels in order to comply with CSCI standards, offset by £310 – additional income from customers.	(163)
e) Pay – various under spends over both provider and purchaser teams	(132)

	due to vacancies.	
f)	<u>Overspending Areas</u>	
g)	Community Support Budget	445
h)	Direct Payments	301
i)	Warden Call Service – Overspend on pay (111k) due to increased demand for the service, partially offset by increased income (£48k). However, £135 withdrawal of Supporting People funding has also affected this service’s budget position.	215

Mental Health Services (156k underspend)

	<u>Underspend Areas</u>	
j)	MH staffing – difficulty throughout the year in recruiting to certain posts such as the ASW post resulting in significant under spend.	(110)

Learning Disabilities Services (239k overspend)

	<u>Overspend Areas</u>	
k)	Community Support Budget - £389K overspend on expenditure partially off set by over achievement of customer and PCT income (£77k). Overspend is continuation of previous year’s position and will continue into next year – this services was outside the scope of the Home Care Services restructure	312
l)	Cost of transporting Clients – continuation of previous year’s pressures	114

44. The department continues to face significant financial challenges going in to 2007/08. These are currently being analysed and will be reported in future monitoring reports.

45. There were two requests for carry forwards on schemes totalling £27k.

Housing Revenue Account

46. HASS is also responsible for managing the council’s housing stock financing for which is ring fenced within the HRA.

47. The provisional outturn on the HRA is a working balance of £5,990k at 31 March 2007, compared to the projection reported in the last monitor of £4,835k. The reasons for this increase were presented to the EMAP meeting. Of the working balance, £563k will be required to fund the re-phased works on the capital programme in 2007/08 and £39k will be required to fund the carry forward requests leaving a net surplus of £5,388k on the HRA. It is recommended that this surplus remains on the HRA and be used to fund HRA revenue expenditure or as a revenue contribution to capital expenditure (£4.5m between 2007/08 and 2010/11) to meet the decent homes standard in line with the approved HRA business plan.

Centrally Held Budgets

48. There are a number of budgets which are held centrally and reported direct to the Executive.

Treasury Management (Outturn Projection -£460k, movement from second monitor projection -£275k)

49. Treasury Management has spent £6,280k against the revised budget of £6,740k, an underspend of £461k. The key variances are detailed below:
- a) An increase in average balances of over £2.5m has resulted in an £89k underspend.
 - b) Increases in interest rates have contributed a £70k underspend. Interest rates have risen three times during the year from 4.5% to finish the year at 5.25% against advice from the council's professional advisors when the budget was set that rates would remain constant or fall slightly.
 - c) The higher than anticipated cash balances and unfavourable long term borrowing rates has meant that £7m of planned £17m borrowing has been delayed, resulting in an underspend against the budget of £120k.
 - d) IT Leasing and Prudential Borrowing (£143k underspend). 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 and currently, for IT equipment, borrowing is the most cost effective route. 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 resulting in a one off saving of £143k.

Other Central Budgets (Outturn Projection -£927k, movement from second monitor projection -£927k)

50. These budgets, detailed in Annex 3, cover a variety of centrally held funding. Members were advised in the second monitor that it was likely that this area would break-even, but that this would depend upon demands from other service areas for corporately held resources. These have not materialised and as a result the provisional outturn is showing an underspend of £927k. Key elements of this underspend are shown below.

	£000
<u>Underspend Areas</u>	
a) Specific Resources for Job Evaluation	-481
b) Capital Programme Running Costs	-301
c) Superannation BVACOP Adjustments	-123
d) Prices Provision	-115
<u>Overspending Areas</u>	
e) Redundancy Payments	179
f) Corporate Contingency	22

51. The main causes for the change are that the money set aside for project costs on job evaluation (£481k) will not be incurred until 2007/08 and it has not been necessary to utilise provisions set aside for running costs of capital schemes and prices (including fuel prices) of £415k. In addition staffing underspends across the Council also mean that there is a £123k saving on the corporate superannuation budget. Other minor variations have resulted in savings totalling £86k, including £25k on compensatory budgetary adjustments provision for sold properties due to the delay in sales and £30k additional income received from the government through the Local Area Business Growth Initiative scheme. The budget for the job evaluation project will be needed in 2007/08 and this is therefore part of the carry forward request.
52. The total expenditure on pensions and redundancy payments is £1,233k, an overspend of £179k. However, of this spend only £454k represents one off costs with £881k resulting in recurring costs in future years.
53. Members were promised an update in all monitoring reports regarding the receipt of NNDR refunds following successful appeals. The second monitor reported the expected net cumulative transfer to reserves in the year, after deducting all fees due to the Council's Agents, would be £365k. The outturn position is a transfer of £714k, and this is included in Annex 5.
54. As Table five summarises in terms of the general contingency there were pressures of almost £1.8m highlighted during the budget process, against which £800k was set aside. Departments have generally been successful in their attempts to contain pressures within their resource allocation. Overall there has been a small over allocation of the contingency. Of the £821.5k released £642.5k is recurring in to 2007/08.

Table 5 – General Contingency

Amount Included in Budget Papers £000	Portfolio Area		Recurring (R) One-off (N)	Budget Approved £000	Unused Budget Returned £000	Budget Total £000	Recurring Budget Issued £000
		Original Allocation				800.0	
177.0	LCCS	Loss of Safeguarding Children's Grant (Exec 10/10/06)	R	79.0		-79.0	79.0
0		In year Budget Balancing	N	179.0		-179.0	-
200.0	Exec	Funding Redundancy and Early Retirement Costs (Exec 10/10/06) - additional costs in year have been identified as one-off and are being met by a one off saving elsewhere in central budgets.	R	100.0		-100.0	100.0
58.6	Corp Servs	Additional Health and Safety Resource (Part Year) (Exec 24/10/06)	R	8.5		-8.5	8.5
400.0	HASS	Demand and Complexity (Exec 5/12/06)	R	400.0		-400.0	400.0
44.0		Shortfall in Crematorium Income (Exec 16/01/07)	R	55.0		-55.0	55.0
899.0		Other Items identified during budget setting but not required					
		Balance Remaining				-21.5	642.5
1,778.6		Total Approved		821.5			
		Balance Remaining on Contingency				-21.5	
		Cost of Recurring Budgets Released					642.5

Carry Forward Requests

55. A major reason for the underspend shown in table one is the value of the projects for which budgetary provision existed in 2006/07, but where the projects could not be completed. The EMAP's have made requests for these budgets to be carried forward into 2007/08, and full details of the requests from individual EMAPs for approval by the Executive, together with the bid for corporate budgets, are shown in Annex 4 (total £1,519k). Table 4 summarises the requests and compares them to the under/over spends in the provisional outturn.

	Provisional Over/Under Spend £000	Bids to Carry Budgets Forward £000	Variation £000
<u>Portfolio</u>			
Children's Services	+142	-	+142
Leisure and Culture	-130	-	-130
Economic Development	-10	+7	-3
City Strategy	-220	+180	-40
Neighbourhood Services	-368	+193	-175
Chief Executive's Department	-231	+52	-179
Resources	-1,281	+564	-717
Housing	-140	+15	-125
Adult Social Services	-205	+27	-178
Total of Portfolios	(2,443)	1,038	(1,405)
<u>Centrally Held Budgets</u>			
Asset Management	-	-	-
Contribution from Cap Finance Account	-	-	-
Treasury Management	(461)	-	(461)
Other Central Budgets	(927)	+481	(446)
General Contingency	22	-	22
General Fund Total	(3,809)	1,519	(2,290)

Table 4 – Carry Forward Requests

56. It can be seen from the preceding table that the total of the requests to carry budgets forward represent approximately 30% of the total general fund underspend in the year. On a departmental basis, the requests to carry forward budget are all less than the departmental underspend in the year, which is one of the criteria for carry forward. The other criteria are:
- Specific approved projects.
 - Not completed in year.
 - The projects are still required by the Council
57. It should be remembered that all carry forward sums will become one-off budgets for 2007/08. Approving all the carry forward requests will mean that the revised net increase in general fund balances will be £2,290k.
58. In addition to those General Fund requests shown above the HRA have also requested that £39k be carried forward into 2007/08. Again, details of this

request are shown in Annex 4.

Collection Fund

59. The Collection Fund is a statutory account and receives all Council Tax and National Non-Domestic Rate (NNDR) income, together with any residual income from pursuing remaining arrears from the community charge. There is a legal requirement that an estimate of the year-end position is made during January to enable the council taxes of the billing authority (CYC) and the major precepting authorities (North Yorkshire Police and Fire Authorities) to be set including either a reduction (if there is calculated to be a surplus available) or an increase (if there is a deficit to recover) for the projection. The projection made in January 2007 was that there would be a £1,060k surplus at 31 March 2007, of which £850k was the Council's share. This sum was used when setting the 2007/08 council tax level .
60. The provisional outturn gives a surplus of £1,100k and this reflects the increased level of collection (96.8% from 96.1% in 2005/06). The increased year-end surplus means that there will be £32k (CYC's share of the additional surplus) available for distribution to York Council Tax payers in 2008/09, or £0.49 per band D.

Update on the Achievements of Efficiency Savings/Additional Income/Growth Items Incorporated into the 2006/07 Budget

61. The 2006/07 budget included £7,144k of budget/efficiency savings and £4,363k for growth. With few exceptions they were all achieved. Where there were problems these were highlighted in relevant EMAP reports. Outturns on these growth and saving items are fully reflected in the outturn figures within this report.

Reserves and Balances

62. Members are reminded that balances should only be used to fund non-recurring, that is one-off, expenditure. Using balances to fund recurring expenditure items creates funding problems in future years, as the resources no longer exist, but the expenditure will. Also, any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund overspends or new investment in future years.
63. The available balance at the start of 2006/07 on the General Fund reserve amounted to £5,347k. Members have agreed use of balances to fund several large and non-recurring items of expenditure amounting to £2,599k. In addition Members approved the transfer into the general fund balance from Leisure Services earmarked reserves of £59k and the transfer to reserves of unbudgeted one-off income from the additional refunds on NNDR totalling £714k. An in year, one off, dividend payment from Yorwaste of £480k has also been received and posted to reserves. Details of all these are shown at Annex 5.
64. The balance on the general fund reserve, before the year-end transfer is £3,873k. If the recommendations in this report are approved, there will be a

transfer into this reserve of £3,809k of which £1,519k will be earmarked for carry forward requests). This will result in a projected general fund balance at 31 March 2008 of £6,522k (£5,003k after carry forwards are taken into account).

65. There are other revenue reserves, which are not included in the General Fund balance but which, as they are available to support general expenditure, are included in the reserves comparison purposes for the CPA calculation. These comprise the Commercial Services reserve (which is recommended to be increased to £439k) and the Venture Fund (provisional outturn £1,611k, and detailed in Annex 6). These additional balances are also included on Annex 5. The total of all the reserves is projected to be £7,267k at 31 March 2008. This compares to a recommended minimum level of reserves for 2007/08 of £5.2m.
66. Annex 5 provides projections of the council's reserves position until 2009/10. This shows that based on current information the overall reserves at 31 March 2010 will be £5.75m, £225k above the estimated minimum reserve threshold for that year of £5.521m. It should be noted that this assumes that no significant one-off events (such as flooding) have to be dealt with in this period. Should such an event occur then the level of reserves available would be reduced from that shown. A summary of these projections is shown below:

	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
General Reserve	7,682	5,003	4,391	4,547
Commercial Services Reserve	439	330	330	330
Venture Fund	1,611	1,934	1,258	869
Total	9,732	7,267	5,979	5,746
Minimum Reserve Threshold	4,950	5,201	5,361	5,521
Headroom in Reserves	4,782	2,066	618	225

Virement Requests

67. The Council's financial regulations require that any virements between service plan heads of more than £100k are agreed by the Executive as part of the budget monitoring report. There are no requests in this outturn report.

Supplementary Estimate Requests

68. The Council's financial regulations require that any requests for supplementary estimates are considered by the Executive as part of the budget monitoring report. Three such requests have been made in relation to the 2007/08 budgets, two for the Chief Executive's Department and one for Neighbourhood Services.
69. Chief Executive
- a. A report was taken to Urgency Committee (23rd May 2007) detailing the need to recruit a new Chief Executive and the costs associated with the

appointment process and revised grading. In addition funding will also be required to meet the revised saving salary and recruitment costs. The ongoing costs associated with these changes will be dealt with in the 2008/09 budget process however the Executive is asked to agree to fund the costs for 2007/08 (likely to be in the region of £76k) from the underspends transferred into the general reserve.

- b. In addition fees for the Council's Corporate Comprehensive Performance Assessment inspection in January / February 2008 will be £124k rather than the £77k included in the 2007/08 budget. Again the Executive are being asked to meet such costs from the underspends transferred into the general reserve.
70. Neighbourhood Services have also requested that up to £100k be set aside to assist with funding security costs at Household Waste Sites. Any such allocation for 2007/08 would be a one-off and proposals to address on-going issues will need to be dealt with as part of the 2008/09 budget process.

Second Public Service Agreement (PSA)

71. The Council received government funding of £933k for 12 PSA targets under the second agreement. In addition the Executive agreed that a further sum of £1,095k would be made available from the Venture Fund to enable the schemes to meet their 'stretch' targets. The schemes are to be run over two years, and Officers have implemented proposals that would best achieve the targets set. Table 6 shows the individual targets, budgets, cumulative spend, the % of the stretch target achieved and an estimate of the value of the reward grant to be received at the end of the scheme.

Target	Ref	Approved Budget £000	Cumulative Spend £000	Projection	
				% Reward Achieved %	Value of Reward £000
Improve levels of street cleanliness	LPSA 1	181.6	65.6	100	328.0
Increase the recycling rate	LPSA 2	362.3	246.4	100	327.9
Reduce burglary	LPSA 3	20.0	3.2	100	327.9
Reduce violent crime	LPSA 4	20.0	0.8	-	-
Reduce vehicle crime	LPSA 5	20.0	0.6	53	249.3
Reduce antisocial behaviour and improve community safety	LPSA 6	245.0	24.9	33	109.3
Reduce offending by young people	LPSA 7	237.0	57.8	-	-
Improve road safety	LPSA 8	61.7	7.9	-	-
Increase benefit take up by older people	LPSA 9	53.0	8.8	60	196.8
Improve literacy, numeracy and employment skills	LPSA 10	262.0	108.1	70	223.1
Improve life chances for young people	LPSA 11	285.0	155.0	100	327.9
Improve the health and wellbeing of residents	LPSA 12	175.0	56.3	30	39.4
Total		1,923	735.4	54	2,129.6

Table 6 – PSA 2

72. As the PSA funding is subject to separate monitoring arrangements, the budgets and spend have not been included in the departmental totals in

Table 1.

Future Issues – Waste PFI

73. The Executive are already well aware of the long-term financial impact of the Waste PFI Procurement Project. On 27 March 2007 the Executive resolved to commit to funding the additional resources to make the project affordable over the life of the contract.
74. Additionally, the Executive recognised the potential for ongoing changes in the projected costs, and therefore affordability, for the Waste PFI project (and indeed for the status quo comparator) due to factors such as more up to date market information and changes in government policy (eg further increases in landfill tax) rather than fundamental changes to the structure of the business model. The Executive was also made aware that the split of costs is largely based on an indicative 75:25 split between NYCC and CYC, and this will be refined as the project progresses.
75. In this context, the following table provides the latest assessment of the affordability position for the Project over the entire life relative to the last report on this matter considered by the Executive:

Analysis of Revised Affordability Position

Item	£000	Notes
As per Executive – 27 March 2007	120,340	
Additional Costs – Chancellor’s Budget Statement	12,051	1
LATS Purchases (but zero income)	3,219	
50% Reduction on Third Party Recycling Income	15,247	2
	150,857	
Maximum Affordability as per 27 March 2007	135,928	
Increased Affordability Gap “Envelope”	14,929	

76. In addition, it should be recognised that further sensitivities could impact upon the Project. Analysis of some of the potential sensitivities is noted below:-

	Project £000	CYC (@25%) £000
Capital expenditure costs at 10% higher	35,735	8,934
Operating expenditure costs at 5% higher	11,894	2,973
1 year delay in construction of EFW plan	11,300	2,825

77. The report to the Executive on 27 March 2007 did not include additional costs following the Chancellor's Budget Statement on 21 March 2007 although a verbal update was provided at the meeting of 27 March. The Chancellor's Budget increased the value of Landfill Tax by an additional £5 per tonne per year from 2008/09 to 2010/11 and also made changes to Capital Allowances which will impact upon the costs of construction. It should be noted that the increase in the project's costs following the Chancellor's Budget Statement is exceeded by the increase in the cost of the status quo due to the dependence upon landfilling and the subsequent increases in landfill tax.
78. Defra have suggested that a more prudent assessment of income be included; this prudent assessment was included within affordability envelope which the Executive resolved to fund on 27 March. Clearly if the current market prices for recycled materials are sustained then the affordability position will be greatly improved.
79. To avoid the need for routine reports on each consequential change to the financial model, the Executive are therefore now requested to affirm that the Council is committed to funding the additional resources of up to £155m representing (£150,857k plus £4,143k to allow for further possible sensitivities) required to make the project affordable over the life of the contract, subject to any further obligations and financial parameters as directed by Defra or any other government department.

Consultation

80. With the exception of corporate budget items responsibility for which is reserved to Executive, all elements of this report have been consulted upon as part of the wider Finance and Performance Monitoring Reports considered by individual EMAPs. These considerations have resulted in the carry forward requests detailed at paragraphs 56 to 58.

Options

81. Executive could choose to not agree some or all of the individual carry forward requests outlined in this budget. To do so would have an impact upon the continued delivery of specific areas of work and reprioritisation of resources within directorates.
82. The Executive could also choose not to support the supplementary estimate requests made by the Chief Executives Department and Neighbourhood Services. For the Chief Executive this would require savings proposals to be developed and implemented to deliver the £123k which it is estimated is required for these areas. Until such proposals were produced it is not possible to quantify their impact on services. For Neighbourhood Services refusal may result in increased risks to staff and damage to property and the Directorate would need to rework existing budgets and services to mitigate such risks.

Corporate Priorities

83. The principal function of this report is to provide a snapshot of the council's financial performance during the year 2006/07. As such it contributes to the proper financial management of the authority.

Implications

84. Financial - these are addressed in the body of the report.
85. Human Resources - there are no human resource implications.
86. Equalities - there are no equality implications.
87. Legal - there are no legal implications.
88. Crime and Disorder - there are no crime and disorder implications.
89. Information Technology - there are no information technology implications.
90. Property – there are no property implications.

Risk Management

91. Budget monitoring is a key element of the management processes by which the council mitigates its financial risks. This report provides members with a detailed summary of the council's performance in 2006/07 and the context in which its 2007/08 budgets must operate. The issues identified at paragraph 19 highlight some key risk issues which members may wish to consider.

Conclusions

92. While at £3,809k the General Fund Revenue Account outturn is significantly better than that which had been predicted the one off nature of many of the savings have masked the underlying financial problems that the council faces. In looking ahead if the council is to maintain its track record of providing high quality services then it will need to continue to robustly address its financial pressures that exist. This will remain a key priority for future budget processes.
93. The extent of the projects to which the Council is committed that have not been completed in 2006/07 can be demonstrated by the requests to carry forward £1,519k into 2007/08 (an increase of approximately £360k on the preceding year), to enable work to be completed. If approved, this will reduce the underspend to £2,290k which will be transferred into the general reserve. Members are asked to review these requests to carry forward funds.
94. While this transfer will provide some headroom in the council's reserves and balances over the recommended minimum balances such headroom will, as annex 5 demonstrates, be required to provide funding for developments in future years. Members are reminded that balances should only be used to fund non-recurring, that is one-off, expenditure. Using balances to fund recurring expenditure items creates funding problems in future years, as the

resources no longer exist, but the expenditure will. Also, any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund overspends or new investment in future years.

Recommendations

95. Members are asked to:
- a. Note the provisional outturn position;
 - b. Review the requests to carry forward funds into 2007/08, totalling £1,519k for general fund services, detailed in Annex 4 and summarised in paragraph 55, and determine which ones should be approved;
 - c. Agree the supplementary estimate in 2006/07 of £135k in relation to the changes in accounting treatment of the costs of capital disposals, as highlighted in paragraph 36;
 - d. Agree supplementary estimates in the 2007/08 budget for the Chief Executive’s department for £123k and Neighbourhood Services for £100k;
 - e. Approve the request to carry forward £39.3k for the housing revenue account, detailed in Annex 4 and summarised in paragraph 58;
 - f. Approve the increase in the Neighbourhood Services Trading Account Reserve by £139k to £439k;
 - g. Approve the transfer of the remaining underspend to revenue reserves;
 - h. Note the enhanced priority placed by the Director of Resources on the need to address the issues identified as part of future monitoring rounds.

Reason: to enable the Executive to set a revised budget in 2007/08 and monitor it effectively.

Author:

Author’s name
Peter Steed
Head of Finance
Dept Name Resources
Tel No. 1745

Tom Wilkinson
Corporate Finance Manager
Tel No. 1187

Chief Officer Responsible for the report:

Chief Officer’s name Simon Wiles
Title Director of Resources

Report Approved **Date** 16/6/06

Chief Officer’s name Peter Steed
Title Head of Finance

Report Approved **Date**

Specialist Implications Officer(s)

Finance – Peter Steed, Head of Finance
Other Implications – Not Applicable

Wards Affected: List wards or tick box to indicate all

All

Background Papers

Second Finance and Performance Monitoring Report
Outturn Monitoring Reports to Individual EMAPs

Annexes

1. General Fund Net Expenditure Budget
2. Comparison Between Under/Overspends in Last Monitoring Report and the Provisional Outturn
3. Other Centrally Held Budgets
4. Requests to Carry Budgets Forward into 2006/07
5. Reserves Position and Forecast
6. Venture Fund

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General Fund Net Expenditure Budget

	£000	£000
Net Expenditure Budget		97,769
Use of Balances (agreed at Budget Council March 2006)		1,100
Use of Commercial Services profits (agreed at Budget Council March 2006)		189
		99,058
Use of General Fund Balances		
Reduced use for Public Inquiries - sum used in 05/06 (Exec 27 Jun 06)	(21)	
Carry Forward of Budgets from 2005/06 (Exec 27 June 06)	1,158	
Other identified use of 2005/06 underspend (Exec 27 June 06)	100	
Cardboard Recycling (Exec 7 November 2006)	66	
Concessionary fares (Exec 27 March 2007)	189	
Cost of disposal of property assets (Exec 26 June 2007)	135	1,627
Change in use of Commercial Services profits		
Procurement Saving benefit to increase DLO profit	17	
Other savings achieved in year	20	
FRS17 costs to be left on Commercial Services not charged to Services	(157)	
Superannuation adjustments	(86)	(206)
Revised Net Expenditure Budget		100,479

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**Comparison Between Under/Overspends
in Last Monitoring Report and the Provisional Out-turn**

Portfolio	Projected Over/Under Spend Last Monitor £000	Projected Over/Under Spend Provisional Out-turn £000	Change in Projection £000
Children's Services	+31	+142	+111
Leisure and Culture	+13	(130)	(143)
Economic Development	-	(10)	(10)
City Strategy	(52)	(220)	(168)
Neighbourhood Services	+114	(368)	(482)
Chief Executive's Department	(12)	(231)	(219)
Resources	(71)	(1,281)	(1,210)
Housing	(67)	(140)	(73)
Adult Social Services	-	(205)	(205)
Total of Portfolios	(44)	(2,443)	(2,399)
<u>Centrally Held Budgets</u>			-
Asset Management		-	-
Contribution from Cap Finance Account	-	-	-
Treasury Management	(185)	(461)	(276)
Other Central Budgets	-	(927)	(927)
General Contingency	-	+22	+22
Non DSG General Fund Total	(229)	(3,809)	(3,580)
Children's Services (DSG)	(367)	(598)	(231)
General Fund Total	(596)	(4,407)	(3,811)

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Other Centrally Held Budgets – Detail

These are budgets that are required to meet financial liabilities of a corporate nature or to create capacity to meet expenditure demands that occur periodically (for example a 53 week pay year).

	Net Budget £000	Projected Out-turn £000	Variance £000
Specific Resources for Job Evaluation	481	-	-481
Capital Programme Running Costs	301	-	-301
Superannuation BVACOP Adjustments	248	125	-123
Prices Provision	115	-	-115
Local Area Business Growth Initiative Grant	-	(30)	-30
Rental Income Loss Provision	25	-	-25
Park & Ride - provision for staff passes costs	70	53	-17
Support Service Model Adjustment	14	-	-14
Pensions Added Years	503	503	-
Reserve for 53 week pay year	59	59	-
Specific Allocation for RSG Amending Report	231	231	-
Specific Resources for Equal Pay - transferred to the provision	710	710	-
Provision for Bad Debts	76	76	-
Redundancy Payments	451	630	+179
Corporate Contingency	(22)	-	+22
Total	3,262	2,357	-905

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Requests to Carry Budgets Forward into 2007/08

Economic Development

	£000
A request has been made to carry forward £7k. Details are as follows:	
Without Walls had planned to publish a document to launch the review of the Community Strategy during the year but this has been deferred until the summer. In addition, the planned update of the website did not happen as expected. A formal request is therefore made to carry forward the £7k underspend.	+7.0
Total request to carry budgets forward	+7.0

City Strategy

	£000
Requests have been made to carry forward £180k. Details are as follows:	
Planning Income - There was a number of major planning applications that were received during 2006/07 of which work is still required to be undertaken. This will involve the need to hire additional staff that cannot be contained within budget. It is requested to carry forward the anticipated additional costs to be incurred.	+50.0
Heavy Duty Slurry Sealing Schemes - A number of slurry sealing schemes programmed for March 2007 could not be completed before the end of the year due to the wet weather.	+60.0
Millennium Bridge Lighting - Due to a number of major lighting schemes on the capital programme, procurement and the general level of faults during the year, the planned improvement to lighting on the Millennium Bridge did not take. A carry forward to 2007/08 will help fund these and other maintenance costs.	+11.0
Waste PFI - York has joined up with its neighbouring authorities to put forward a business case to DEFRA regarding long-term proposals to deal with waste. Delays by DEFRA in making a decision means that some of the work which will need to be carried out has been deferred to 2007/08.	+59.0
Total Request to carry budgets forward	+180.0

Neighbourhood Services

	£000
Requests have been made to carry forward £182k. Details are as follows:	
York Pride budgets underspent and it is requested that £25k is carried forward relating to the committed ward projects. (It should be noted that this figure was verbally amended at the Neighbourhood Services EMAP meeting from £11k).	+25.0
The Campaigns budget to fund the monthly Neighbourhood Pride campaigns was granted in October 2006 to run for 12 months, as a result the remaining budget is requested to be carried forward.	+28.0
The Target Hardening Safer City project has slipped so it is requested that the underspend be carried forward in to 2007/08.	+22.0
An underspend on the ward committees has £55k associated with committed schemes and it is requested that these are carried forward in to 2007/08.	+55.0
A further underspend on the ward committees of £27k represents uncommitted expenditure in 2006/07 but it is requested to be carried forward to assist with funding 2.5 additional Police Community Support Officers.	+27.0
There was an underspend of £25k which relates to a one off saving on PCSO costs. There was an agreement reached with North Yorkshire Police not to pay for the PCSO service in 2006/07. This was not confirmed until late in the financial year so it was not possible to utilise the budget elsewhere. It is requested to carry forward this budget. Charges for PCSOs will resume in 2007/08.	+25.0

The Community Repaint Project has slipped slightly and it is requested that this is carried forward.	+11.0
Total Request to carry budgets forward	+193.0

Chief Execs

	£000
A request has been made to carry forward £52k. Details are as follows:	
Job Evaluation - A budget of £350k was set aside for resourcing the project team. This project continues into 2007/08 with a number of tasks to be completed. It is anticipated that there will be a significant resource requirement to complete the project in 2007/08 and it is therefore requested that the underspend of £27k within the year is carried forward.	+27.0
Accommodation Moves - In order to deliver future savings for the directorate the Legal services team are being relocated to the Guildhall early in the financial year. The cost of the move is being funded by the Administration Accommodation budget held in the Property services section however a sum of money has been set aside to allow for minor decorations. It is requested that a sum of £10k be carried forward to fund these costs.	+10.0
Member Training - An underspend of £5k, is requested to carry forward to support the intensive programme planned for 2007/08 following the election.	+5.0
Press Office Software - A planned replacement of the press office software which allows the team to monitor responses to press releases and stories was not completed. A sum of £5k from the Marketing and Communications underspend is requested to be carried forward.	+5.0
ResOp Focus Group - The early indications of the results of the ResOp survey in February meant that it was necessary to undertake more detailed focus group work to get beneath the responses. A sum was identified within Marketing and Communications to fund this work however the majority of the work will be undertaken in the new financial year.	+5.0
Total request to carry budgets forward	+52.0

Resources

	£000
A request has been made to carry forward £564k. Details are as follows:	
Easy@York - Slippage in the scheme due to delays in fully implementing phase 1 of the project	+256.0
IT&T Projects - Slippage on Social Care project	+60.0
Financial Services - Project slippage on replacement Financial Management System	+153.0
Income Collection - 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	+50.0
Public Services - Delay in completing upgrade to e-return module of Radius Icon in systems support team	+5.0
Public Services - Funding (provided by Chief Executives) to support Customer Champion role required to carry forward to 2007/08	+10.0
Directorate Training - Provision of £20k set aside for Resources Management Team training and development initiatives deferred from 2006/07	+20.0
Audit & Risk Management - Training and development initiatives for managers within the service area planned for 2006/07 not undertaken.	+10.0
Total Request to carry budgets forward	+564.0

Housing General Fund

	£000
A request has been made to carry forward £15k. Details are as follows:	
To fund delayed element of the Housing Market Assessment / Housing Needs Assessment which will focus on the housing needs of specific groups	+15.0
Total Request to carry budgets forward	+15.0

Adult Social Services

	£000
A request has been made to carry forward £27k. Details are as follows:	
Due to staffing vacancies project work within IT has not been completed.	+14.0
Due to staffing vacancies redecoration and refurbishment work has not been completed at all of the Elderly Persons Homes.	+13.0
Total Request to carry budgets forward	+27.0

Corporate Budgets

	£000
A request has been made to carry forward £481k. Details are as follows:	
NEED TO GET SOME WORDS FROM SIMON. This is the carry forward request for the project team on job evaluation - one-off money identified in 06/07 not needed until 07/08!	+481.0
Total Request to carry budgets forward	+481.0

Housing Revenue Account

	£000
A request has been made to carry forward £39k. Details are as follows:	
To fund fire alarm work at Ordance lane committed in 2006/07	+10.0
Fundign towards mobile working - delayed from 2006/07	+25.0
To fund work with residents associations delayed following the introduction of the matured partnerships agreement	+4.3
Total Request to carry budgets forward	+39.3

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Reserves Position and Forecast

	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
General Fund Reserve				
Balance at 31 March 2007	5,347	7,682	5,003	4,391
Less: Already Committed To Annual Budget	-1,100	-1,312	-627	-584
Carry Forwards from Previous Years	-1,158	-1,519	0	0
Supplementary Estimates	-490	-223	0	0
Revised General Fund Reserve	2,599	4,628	4,376	3,807
Add: <u>Other Adjustments</u>				
Additional 2006/07 Yorwaste Dividend	480	0	0	0
Release of Bellwin Reserve	0	300	0	0
NDR Rebates	714	75	0	0
Public Inquiry Adjustment	21	0	0	0
Leisure S106 Commuted Sums	59	0	0	0
LPSA2 Reward Grant	0	0	15	740
	1,274	375	15	740
Net Underspend on General Fund	3,809	0	0	0
Expected General Fund Reserve as at 31 March	7,682	5,003	4,391	4,547
Commercial Services Reserve				
Balance at 31 March 2007	300	439	330	330
Plus: Payments in Reserve	139	0	0	0
Less: Use of Reserve	0	-109	0	0
Estimated Commercial Services Reserve at 31 March	439	330	330	330
Venture Fund				
Balance at 31 March 2007	852	1,611	1,934	1,258
Plus: Repayments	1,425	1,578	602	611
Less: Advances	-666	-1,255	-1,278	-1,000
Estimated Venture Fund Balance as at 31 March	1,611	1,934	1,258	869
Total Revenue Reserves as at 31 March	9,732	7,267	5,979	5,746
Estimated Minimum Reserves Threshold	4,950	5,201	5,361	5,521
Headroom In Reserves	4,782	2,066	618	225

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Venture Fund

Annex 6

The table below shows the venture fund transactions that have taken place during the year and summarises the outstanding loans.

	£000	£000
Venture Balance B/fwd from 2005/06		852
<u>Less Advances in 2006/07</u>		
LPSA 2	-272	
Oaklands Partnership	-113	
Amy Johnson	-13	
Assets in Good Repair	-39	
Ward Committee Switch	-51	
Cap Prog Financing	-138	
Interest Remitted	-40	-666
<u>Plus Repayments in 2006/07</u>		
Mobile Classrooms	35	
Temporary Classroom Units	43	
Clifton Green	18	
Westfield Primary	13	
DEDS Restructure	225	
SX3	164	
Staff Cycle Parking Scheme	9	
Mansion House	4	
SX3 - 2	363	
Assets in Good Repair	39	
Procurement	187	
Mansion House	4	
Ward Committee Switch	51	
Year end capital financing adjustments	230	
Interest	40	1,425
Balance as at 31st March 2007		1,611
<u>Loans Outstanding</u>		
Capital Programme Shortfall 05/06	1,378	
Mobile Classrooms	122	
Temporary Classroom Units	149	
Clifton Green School	17	
Westfield Primary	46	
Amy Johnson	245	
DEDS Restructure	128	
Staff Cycle Parking Scheme	31	
LPSA 2	272	
Oaklands Partnership	113	2,501
Total Venture Fund Value		4,112

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Executive

26th June 2007

Report of the Director of Resources

CAPITAL PROGRAMME OUTTURN 2006/07 AND REVISIONS TO THE 2007/08 PROGRAMME

Report Summary

1. The purpose of this report is to:
 - Provide the Executive with the final outturn position of the capital programme for 2006/07 reflecting the capital outturn reports taken to Executive Member with Advisory Panel (EMAP) meetings for each department;
 - Seek approval of the statutory declaration on the funding of the 2006/07 capital programme to show how the Councils expenditure has been financed, along with any financial implications this may result in;
 - Highlight significant achievements from the Councils largest ever capital programme;
 - Inform the Executive of any under or overspends and seek approval for any resulting changes to the programme;
 - Inform the Executive of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this.

Summary of the 2006/07 Capital Programme

2. Capital expenditure in 2006/07 totalled £48.5m. This represents the largest ever capital programme delivered by the City of York Council and is a £8.3m (20.6%) increase on the 2005/06 outturn. Figure One illustrates the increase in capital programme size since 1999/00, during which time it has more than doubled from £19.5m to this years outturn of £48.5m.

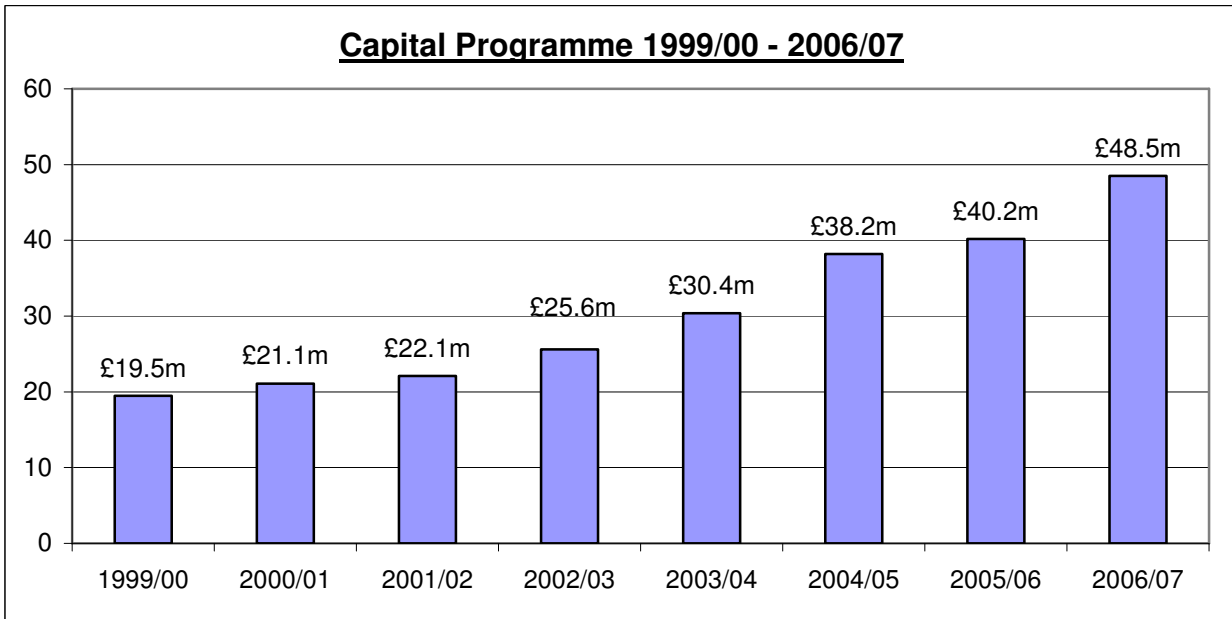


Figure 1: CYC Capital Programme Expenditure 1999-2007

3. Figure 2 shows the £48.5m expenditure split by departments during 2006/07.

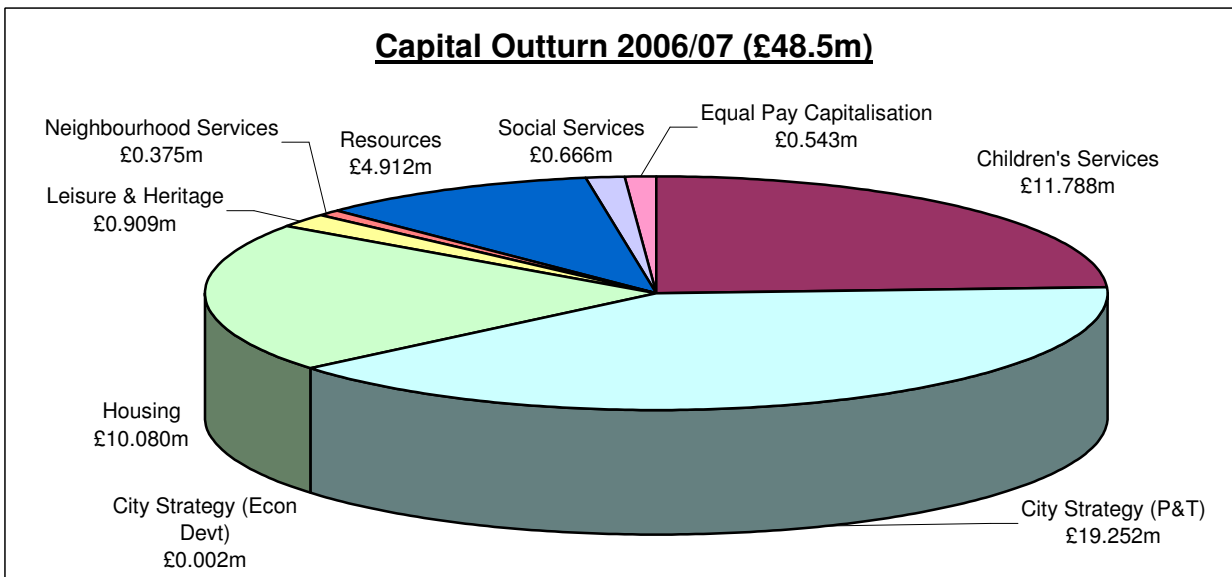


Figure 2 Capital Outturn by Department 2006/07

4. Capital receipts raised during 2006/07 were also at a Council high of £31.5m, compared with £6.2m in 2005/06. The main contributors were the receipts from the sale of Foss Islands Depot (£10m), the sale of St Leonard's Place (£7m) as part of a sale and lease back scheme, the sale of the Barbican (£6m), as well as the sale of Housing land and right to buy receipts (£4m).

5. The Council continues to be successful in attracting strong support from the government with funding for roads, schools, housing and leisure amounting to more than £25.3m (£22.4m in 2005/06).
6. Within the programme a number of significant schemes have been or are being delivered during 2006/07, some of the key achievements for the year are:
 - a. The completion of the £5.3m (£3.95m expenditure in 06/07) Huntington Secondary School extension and refurbishment scheme. A total of 8 temporary classrooms units have been replaced with the new build of 2,600 square meters of teaching and performing areas blocks. Both the teaching and performing arts blocks are now being used by both the school and the local community.
 - b. Works totalling £3.3m on New Deals for Schools (NDS) modernisation programmes has allowed schools to invest in buildings, grounds and ICT equipment enabling schools to improve their pupils' educational standards. Specific schemes include:
 - The £1m Canon Lee extension project is complete and operational with both the new science labs and drama studio in full use.
 - The £0.6m hall extension at Rufforth Primary School is complete and in full use by both the school and local community.
 - The £0.4m modernisation works at Scarcroft Primary are complete resulting in a new lift, refurbished toilets, entrance, reception and waiting areas and offices.
 - Construction of a £0.6m new classroom and community facility at Skelton Primary are complete and in full use.
 - c. Expenditure totalling £1.0m on the Neighbourhood Nurseries initiatives schemes including the completion of Clifton Green centre providing early years support, day care for pre-school children, family support teams, family learning tutors and job centre plus advisors in the Clifton area.
 - d. An in year spend of £2.0m on the New Deals for Schools (NDS) devolved capital programmes giving schools direct funding for the priority capital needs of their buildings (capital repair, remodelling or new build) and investment in ICT equipment. Many schools use their allocations to contribute to larger projects at their school within the Children's Services capital programme.
 - e. Expenditure in year of £0.5m has seen the completion and opening of the £1.9m Oakland's Sports Centre Development. The development has seen the refurbishment of the all weather multi-purpose pitch which will be suitable for hockey, football, tag rugby and other sports. The Sports Centre has been extended to include a new gym, climbing wall and bouldering area, dance studio and an information and technology suite which complements the school facilities and provides a valuable community resource outside school hours. Additional changing areas, a new reception area, and hospitality facilities have also been provided a result of facility improvements.

- f. Initial works have started costing £0.4m on the £12m York High School project to refurbish and expand the school. The majority of the expenditure in 2006/07 was enabling works to allow pupils to be decanted to the Lowfield site so that contractors can start on the former Oakland's site.
- g. The investment of £9.2m in a new eco-office and depot is complete with Council employees now operating within the facility. The eco-depot is an exemplar of sustainable construction and includes a pioneering new straw-clad and cedar roofed Neighbourhood Services office and includes a number of sustainable design features.
- h. A substantial amount of work has been completed within the £6.3m Local Transport Plan (LTP) with 109 schemes being completed in year with feasibility and design work being carried out on a further 113 schemes, including major works at Crockey Hill and Dunnigton.
- i. The £3m James Street link road is now open and helping to reduce congestion on the inner ring road, providing a direct link between Lawrence Street and Layerthorpe and is contributing to the development of the area.
- j. Works totalling over £2m has resulted in over 1,200 metres of off road cycle routes being constructed, 7,000 metres of carriageway resurfaced and 13,000 metres of footway being rebuilt.
- k. Installation of 5 state of the art city space information points across the city enabling access to a range of information including real time travel for residents and tourists alike.
- l. Preparatory work of £0.3m had started on the new £3.5m Moor Lane roundabout on the outer ring road.
- m. £7.718m of expenditure on the Modernisation of Local Authority homes funded in part through the Major Repairs Allowance grant (£4.4m). Expenditure of £2.3m on Tang Hall Tenants Choice schemes and £1m on other planned tenants choice work has seen over 410 properties benefiting from one or more elements of these works including:
 - 402 rewires
 - 380 kitchens
 - 352 bathrooms
 - 50 properties fitted with double glazingExpenditure of £1.4m has resulted in over 250 heating systems being replaced and improvements made to a further 431 heating systems. Expenditure of £450k on re-roofing works has resulted in over 130 properties being re-roofed.

7. Six schemes utilising council resources under spent (without the need to reprofile into future years) by a total of £505k, these were:

- a. £125k - Highways Resurfacing and Reconstruction (paragraph 22)
- b. £108k – Foxwood Community Pride scheme (paragraph 34)
- c. £97k – Applefield’s School (paragraph 18)
- d. £82k - Clifton Green Nursery (paragraph 19)
- e. £70k – Hazel Court Household Waste Site (paragraph 34).
- f. £23k – Dealing with Repairs Backlog

It is requested the £125k under spend relating to Highways Resurfacing and Reconstruction is used by City Strategy to repay a venture fund loan in relation to the establishment of the Street Environment Service which will help to accrue revenue savings in 2007/08. Further details are provided in paragraph 22. The remaining £357k can be used to fund the overspends highlighted below:

- g. £282k – Hazel Court/Foss Islands Depot (paragraph 24)
- h. £35k - Morrell House
- i. £7k - Chapelfields Community Centre
- j. £4k – James Street Business Park
- k. £3k – Holgate Windmill
- l. £2k – Knavesmire Culverts

- 8. There are requests for budgets to be carried forward (slipped) in to 2007/08 totalling £4.087m. Further details are provided in paragraphs 17 to 38.

Background

- 9. The original 2006/07 capital programme was approved by Full Council on 1st March 2006 at £50.1m. Since then the Executive have approved a number of adjustments as part of the 2005/06 outturn reports and the monitoring reports throughout the year. The latest approved capital programme budget, following adjustments from February EMAPs is £52.157m, and was financed by £36.7m of external funding with the balance financed from £15.4m of capital receipts. As part of this year end outturn report it has been necessary to include the £0.5m capitalisation of Equal Pay costs. This project has been reported outside the main capital programme to date. The inclusion of this additional scheme in the analysis increases the final capital programme budget to £52.7m.
- 10. The changes to the original 2006/07 approved capital programme are summarised in Table 1.

	Gross Budget	External Funding	Cost to CYC
	£m	£m	£m
Original Budget Approved	50.100	34.892	15.208

Slippage Carried Forward from 2005/06	3.081	2.230	0.851
Inclusion of Easy@York in main programme	2.607	2.607	0.000
Adjustments Approved at Monitor One	-2.380	-0.350	-2.030
Adjustments Approved at Monitor Two	-1.251	-2.667	1.416
Current Approved Capital Programme	52.157	36.712	15.445

Table 1 – Current Approved Capital Programme

11. The capital programme has traditionally been well managed with Departments taking proactive action to retain any overspends within their resources. Year end variances therefore tend to be the result of slippage. Capital projects by their nature tend to cross financial years and from time to time budgets have to be adjusted between financial years to reflect changes to the spend profile of the capital scheme.

Consultation

12. The 2006/07 Capital Programme was approved by Full Council on 1 March 2006 after departments were invited to bid for capital receipt funding through the Capital Resource Allocation Model (CRAM). The CRAM process rigorously scores scheme submissions against key corporate objectives and national government priorities. Each departmental EMAP is consulted in relation to the bids to be put forward.

Options

13. The report is mainly for information, providing the Executive with the final outturn of the 2006/07 capital programme. However, there are a number of requests for slippage of funding in to the 2007/08 capital programme. These requests are highlighted in the main body of the report.

2006/07 Capital Programme Outturn and Overview

14. The 2006/07 capital outturn of £48.5m represents an under spend of £4.2m against the restated budget of £52.7m, a variance of 7.7%, slightly higher than last years variance of 6.9%.
15. The total variances for individual committee capital programmes along with requests for slippage and other key information are highlighted in Table 2.

Committee	Budget	Outturn	Variance	(Under) /Over spend	Slippage
	£m	£m	£m	£m	£m
Children's Services	12.878	11.788	-1.090	-0.328	-0.762
City Strategy	19.564	19.252	-0.312	+0.158	-0.470
Economic Development	0.361	0.002	-0.359	0.000	-0.359
Housing	10.041	10.080	+0.039	+0.198	-0.159
Leisure and Culture	1.001	0.909	-0.092	+0.023	-0.115
Neighbourhood Services	0.699	0.375	-0.324	-0.158	-0.166
Resources inc (Easy@York)	6.942	4.912	-2.030	+0.001	-2.031
Social Services	0.671	0.666	-0.005	+0.011	-0.016
Subtotal	52.157	47.984	-4.173	-0.095	-4.078
Equal Pay Capitalisation	0.543	0.543	0.000	0.000	0.000
Total Capital	52.700	48.527	-4.173	-0.095	-4.078

Table 2 –Approved Budget vs. Outturn & Requests for Slippage

16. A brief summary of the key variances from Table 2 are highlighted below, with a more detailed summary of the respective EMAP reports.

Children's Services (Budget £12.878m, Outturn £11.788m)

17. The outturn of the 2006/07 Education Capital Programme is £11.783m, financed from £11.107m of external funding, resulting in a net cost to the Council of £0.681m.
18. The £3.6m refurbishment of Applefields Special School was completed in 2005/06, however, a number of items were disputed and retentions were held. The final account has now been settled and there is an underspend of £97k which can be returned to the general programme.
19. The £3.6m Neighbourhood Nurseries project to provide a nursery adjoining Westfield Primary and an integrated children's centre and nursery at Clifton Green Primary has overspent by £189k. However, it has been possible to secure some additional funding to cover the overspend and return the capital receipt funded element of the programme (£82k) to the general programme.
20. Total slippage in 2006/07 is £0.762m, which comprised £0.769m of slippage into 2007/08, which is offset in part by funding brought forward (reverse slippage) of £0.007m. The main drivers of slippage in 2006/07 were the Sure Start schemes, the Integrated Children's Centre schemes and York High School.

City Strategy (Budget £19.564, Outturn £19.252m)

21. The outturn of the City Strategy Capital Programme is £19.252m against a budget of £19.564m. The expenditure financed from £9.977m of external funding, resulting in a net cost to the Council of £9.275m. The main reasons for the variance was due to reprofiling of some Highways resurfacing and

reconstruction schemes and City Walls maintenance work into 2007/08. This has been partially offset by additional costs at the new depot.

22. There was an underspend against the CYC resourced highways repairs and reconstruction rolling programme budget of £212k. It is proposed to use £125k of this underspend to repay part of the venture fund loan used to set up the Street Environment Service, which will generate a revenue saving in 2007/08. It is requested that the remainder of the budget is slipped in to 2007/08 to fund known commitments on the highways infrastructure.
23. Requests for slippage totalled £470k to allow schemes to be continued in 2007/08. Further details of slippage and the scheme variances within the City Strategy EMAP report (6 June 2007). In addition revisions to the 2009/10 and 2010/11 City Strategy programmes are requested. The LTP schemes need to be reduced by £156k in 08/09 and £270k in 09/10 to reduce original CRAM bids of £5,089m and £4,893m to £4,933m and £4,623m respectively in line with the confirmation of funding statement received.

Hazel Court (Eco) Depot

24. The new eco depot at Hazel Court was completed and fully occupied by Neighbourhood Services staff in January 2007. The exemplar build and design of the office block has made it a beacon of sustainable development in the region. Against the current approved budget of £9.055m there is an overspend of £282k (3%), with potential further costs of £29k due in 2007/08. The majority of the overspend is in relation to enhancements to building standards and working practices along with changes in the operational requirements of the depot since the specification was first agreed and the concept developed in 2000.
25. In addition to this overspend there is a claim of £261k in relation to the prolongation of the contract and a subsequent cost overrun. The Council will dispute elements of the claim although with disputes of this nature there remains a risk that the Council could be liable.

Economic Development (Budget £361k, Outturn £2k)

26. The outturn of the Economic Development Programme is £2k against a budget of £361k. The variance is comprised of £259k for the Small Business Workshops scheme and £100k for the Tourist Information Centre with both schemes being reprofiled into the 2007/08 programme.
27. The small business workshops are now being provided by the private sector and are being built in line with sustainable construction techniques.

Housing Services (Budget £10.041m, Outturn £10.08m)

28. The 2006/07 Housing Services Capital Programme outturn was £10.080m against a budget of £10.041m. The programme was financed by £8.811m of external funding and right to buy (RTB) receipts (£409k), leaving a net cost to the Council of £1.269m. Of the £8.811m external funding £4.581m was funded through Major Repairs Allowance (MRA) Grant. Housing generated over £4m of capital receipts from the sale of land and houses of this £2.4m was returned to the government with £1.3m used to fund the capital programme.

29. Within the programme the Modernisation of Local Authority Homes scheme overspend against its original budget by £381k although this was more than compensated by underspends elsewhere resulting in a net underspend of £81k as the department managed within its overall resources.
30. The inclusion of the Arclight replacement at Union Terrace has been necessary because the Council are the accountable body for the scheme. The costs incurred to date are £212k.
31. There is slippage on three schemes totalling £159k details of which are can be found in the Housing and Social Services EMAP outturn report (4 June 2007).

Leisure and Culture (Budget £1.001m, Outturn £0.909m)

32. The outturn of the 2006/07 Leisure and Culture Capital Programme is £0.909m against a budget of £1.001m, financed from £0.579m of external funding, resulting in a net cost to the Council of £0.330m. There were two small overspends totalling £9k relating to residual contract costs on the repair of the collapsed Knavesmire culverts (£2k) and Chapelfields Community Centre (£7k). There is total slippage of £115k, of which £74k relates to Oakland's sports centre and pitches and £30k relating to the War Memorial scheme.

Neighbourhood Services (Budget £0.699m, Outturn £0.375m)

33. The outturn of the Neighbourhood Services capital programme is £0.375m against a budget of £0.699m. The programme is financed from £0.199m of external funding requiring a call on capital receipts of £0.176m.
34. There are three scheme underspends totalling £158k at Hazel Court Household Waste Site (£21k), Ward committee improvement schemes (£29k) and Foxwood Community Pride (£108k) which has underspent because it has been unable to attract the match funding required. All of these underspends can be returned to the general programme. In addition to these underspends the Council has been able to apply some of its Waste Performance Efficiency grant against the remaining costs at Hazel Court HWS and as a result a further £49k of Council resources can be returned to the general programme.
35. Slippage of £102k is requested and relates to already committed Ward Committee improvement schemes.

Resources (Budget £6.942, Outturn £4.912m)

36. The Resources outturn was £4.912m, against a budget of £6.942m. The programme required funding from capital receipts of £2.947m, with £0.973m being financed by Prudential Borrowing and the remainder being the external funding (£1.032m). The Prudential Borrowing is comprised of £0.194m for 35 Hospital Fields Road, £0.448m for IT equipment and £0.331m for Easy@York. The variation of £2.030m is attributable in the main to £1.261m slippage on the Easy@York scheme due to a short delay in the contract, £0.362m slippage on the IT equipment purchase and £0.382m in relation to property repairs and access.

Social Services (Budget £0.671m, Outturn £0.666m)

37. The outturn of the Social Services capital programme is £0.666m against a revised budget of £0.671m, the programme is financed by £0.107m of external funding requiring the balance of £0.559m to be met from capital receipts. There has been minor slippage of £16k.

Equal Pay Capitalisation (Outturn £0.543m)

38. The costs of settling equal pay claims and job evaluation represents a significant cost pressure to Council's across the country. The government have recognised this and have allowed Council with a low reserve base to bid to capitalise some of the equal pay costs. The Council have been successful in their bid and have been issued with a capitalisation directive which allows the capitalisation of £543k of costs which would otherwise have to be met from revenue funds. The Council will prudentially borrow the £543k. The borrowing has to be repaid at a minimum rate of 4% per annum. However, it is more prudent to repay the debt over a shorter period of time, and it is proposed that it is repaid over 7 years, which is consistent with the Council's past treatment of such debt. The annual revenue costs of repayment will be £93k per annum and will be initially funded from the equal pay reserve in 2007/08 and subject to a growth bid in 2008/09.

Funding the 2006/07 Capital Programme

39. The current budget of £52.700m (adjusted for Equal Pay) was to be funded from £37.255m of external funding and £15.445m from capital receipts. The outturn position of £48.527m reduced the external funding requirement by £3.384m to £33.328m. This left a funding requirement of £15.199m to be met from capital receipts.
40. In year capital receipts of £31.511m were generated with £2.414m being reserved for the Councils contribution to Central Governments Housing Capital Receipts Pool. In 2005/06 due to the low level of capital receipts received in year the programme was financed using internal funds of £8.275m funds to minimise the revenue impact of the statutory provision for the repayment of debt (Minimum Revenue Provision). The £8.275m has been repaid using in year capital receipts received, reducing the overall capital receipts available to finance the 2006/07 programme to £20.822m. From this £15.199m was used to finance the 2006/07 capital programme. The remainder of the in year receipts have been earmarked to the Admin Accommodation scheme (£5.432m of the balance on the St Leonard's receipts) or used to repay debt to meet a revenue savings target (£278k for 51 Bismarck Street), leaving unapplied receipts of £75k.
41. The statutory funding statement in Annex 1 provides full details of how the 2006/07 capital programme has been financed.

Update on the 2007/08 Capital Programme

42. Table 3 shows the revised start budget for 2007/08 by portfolio taking into account the requests for slippage arising from the 2006/07 programme. If the slippage is approved the total capital programme for 2007/08 will be £49.347m, £5.643m more than the 2006/07 outturn.

Total by Department	Position at Budget	Slippage from 06/07 outturn	Revisions since Budget	Latest 2007/08 Budget
	£m	£m	£m	£m
Children's Services	16.485	0.769	1.599	18.853
City Strategy	8.886	0.470	-0.110	9.246
Economic Development	0.150	0.359	0.000	0.509
Housing	9.089	0.160	0.000	9.249
Leisure and Culture	4.477	0.115	0.000	4.592
Neighbourhood Services	0.405	0.166	0.044	0.615
Resources	4.007	2.032	0.000	6.039
Social Services	0.205	0.016	0.000	0.221
Total	43.704	4.087	1.533	49.324
Equal pay Capitalisation	0.000	0.000	0.000	0.000
Grand Total	43.704	4.087	1.533	49.324

Table 3 – Revised Start Budget for 2007/08 Capital Programme following Slippage

43. The revised 2007/08 budget of £49.324m shown in Table 3 is an increase of £5.620m against the budget position as at monitor 2. This increase is comprised of £4.087m of slippage as reported in paragraphs 17-38 with revisions of £1.533m to the budget. The majority of the £1.533m is comprised of £1.390m of additional funding from Central Government Grants for the Integrated Children's Centres and £0.209m of additional Central Government funding for NDS schemes, both are part of the Children's Services portfolio. The £110k reduction in the City Strategy Programme is due to the loss of grant in relation to works that were aborted by GNER at the station.
44. The restated capital programme for 2007/08 to 2010/11 split by portfolio is shown in table 4. The individual scheme level profiles can be seen in Annex 2.

Total by Department	2007/08 Budget	2008/09 Budget	2009/10 Budget	2010/11 Budget	Total Budget
	£m	£m	£m	£m	£m
Children's Services	18.853	9.543	0.250	0.000	28.646
City Strategy	9.246	6.852	6.113	5.552	27.763
Economic Development	0.509	3.500	0.000	0.000	4.009
Housing	9.249	8.705	8.887	9.303	36.144
Leisure and Culture	4.592	5.688	1.763	0.000	12.043
Neighbourhood Services	0.615	0.202	0.000	0.000	0.817
Resources	6.039	13.226	15.099	2.353	36.717
Social Services	0.221	0.205	0.205	0.205	0.836
Total	49.324	47.921	32.317	17.413	146.975

Table 4 – Restated Capital Programme 2007/08 to 2010/11

45. Members will note from Table 4 that the size of the capital programme as presented reduces over the next four years. The rate of decline is not expected to be as drastic as depicted because key funding announcements for 2008/09 to 2010/11 are expected to follow the governments comprehensive spending review (CSR) to be announced in the autumn of 2007. However, it is anticipated that the capital programme will reduce slightly over the next 4 years with the level of Council resources to fund the capital programme reducing along with an expected tightening of government funding as part of the CSR 2007.
46. The capital receipts forecast for 2007/08 to 2010/11 is shown in confidential Annex 3. Budgeted income from the sale of assets is £30m over the next four years. Based on the latest projections it is anticipated that £31.6m could be achieved. It should be recognised that all capital receipts can be considered at risk of not being realised within set time frames and to estimated values until the receipt is received. The capital programme continues to be predicated on a small number of large capital receipts, which if not achieved would cause significant funding pressures for the programme. The main receipts expected which are considered to be uncertain due to planning permission and public consultation are:
- a. Manor Secondary School – receipt to part fund new Manor School;
 - b. Lowfield Secondary School – receipt to part fund new York High School;
 - c. Metcalfe Lane Land, Osbaldwick;
 - d. Parkside Workshops;
 - e. Yearsley Bridge – to contribute to the Hungate Offices Development.
47. In addition there continues to be pressure on the overall Council's capital infrastructure with a building repairs backlog of over £16m and highways repairs backlogs of over £25m.
48. The Council's Financial Strategy, due to be completed this summer, will consider both the revenue and capital pressures facing the Council over the medium term horizon.

Corporate Objectives

49. All schemes approved as part of the capital programme have been scored through the Capital Resource Allocation Model (CRAM), which ranks the capital schemes according to how they will assist in the delivery of the Council's objectives and priorities. The diversity of the capital programme means that all 13 are reached in some way.

Financial Implications

50. The financial implications are considered in the main body of the report.

Human Resources Implications

51. There are no HR implications as a result of this report

Equalities Implications

52. The capital programme seeks to address key equalities issues that affect the Council and the public. Schemes that address equalities include the Disabilities Support Grant, the Schools Access Initiative, the Community Equipment Loans Store (CELS) and the Disabilities Discrimination Act (DDA) Access Improvements. The [Easy@York](#) project is also aimed at improving access to Council services for all residents.

Legal Implications

53. As stipulated by the CIPFA Prudential Code, the Council is required to present a statutory declaration of the 2006/07 capital expenditure and its funding to the secretary of state responsible for local government as set out in the 2003 Local Government. The statutory declaration as signed by the Director of Resources who is the Council's Section 151 officer is attached in Annex 1.

Crime and Disorder

54. There are no crime and disorder implications as a result of this report

Information Technology

55. There are no information technology implications as a result of this report

Property

56. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from capital receipts in paragraph 46.

Risk Management

57. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Corporate Capital Monitoring Group (CAPMOG) meets regularly to plan monitor and review major capital schemes to ensure that all capital risks to the Council are minimised.

Recommendations

58. The Executive is requested to:
- Note the 2006/07 capital outturn position and approve the requests for slippage to and from the 2007/08 capital programme.
 - Approve the statutory declaration of the 2006/07 capital expenditure as required by the Local Government Act 2003 part I.

Reason:

- To allow the continued effective management of the capital programme in 2007/08 and beyond.
- To fulfil its statutory function.

Contact Details

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Chief Officer Responsible for the report:

Peter Steed
Head of Finance

Report

Approved
Simon Wiles
Director of Resources

Date 13/06/2007

Report

Approved

Date 13/06/2007

Specialist Implications Officer(s)

None

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

All

For further information please contact the author of the report

For further information please contact the author of the report
Background Papers 2006/07 monitoring working papers and respective EMAP
reports.

Annex 1 – Statutory declaration of Funding 2006/07
Annex 2 – Capital Programme by year 2007/08 – 2010/11
Confidential Annex 3 – Capital Receipts 2007/08 –2010/11

**Statutory Declaration on the Funding of 2006/07 Capital Expenditure
as required by part I of Local Government Act 2003 (Prudential Code)**

	£'000	£'000
Expenditure		
Capital Expenditure requiring Financing		48,526

Resources		
Borrowing		
Supported Capital Expenditure	11,600	
Prudential Borrowing - Other	3,043	
		14,643
Grants & Contributions		
Government Grants	12,763	
Non-Government Grants	1,346	
Developers' Contributions	1,457	
Other Contributions / Donations	64	
		15,629
Capital Receipts		
HRA Generated	1,605	
General Fund Generated	15,084	
Housing General Fund Generated		
		16,689
Capital Expenditure met from Revenue Accounts		
Housing Revenue Account	1,453	
General Fund Revenue Account	112	
		1,565
Total Resources Applied		48,526

Signed : Simon Wiles - Director of Resources

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Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
Children's Services						
NDS Condition Funding	5,511	0	0	0	0	2,764
DfES Devolved Capital Grant	5,500	0	0	0	0	2,753
NDS Modernisation						11
- External Funding	5,511	0	0	0	0	2,764
- Cost to City	0	0	0	0	0	0
NDS Devolved Capital	19,540	2,591	0	0	0	12,083
DfES Devolved Capital Grant	19,540	2,591	0	0	0	12,083
- External Funding	19,540	2,591	0	0	0	12,083
- Cost to City	0	0	0	0	0	0
Fulford Secondary TCF Phase 1	10	10	0	0	0	10
NDS Modernisation	10	10	0	0	0	10
- External Funding	10	10	0	0	0	10
- Cost to City	0	0	0	0	0	0
Fulford Secondary TCF Phase 2	6,924	50	0	0	0	3,488
DfES Targeted Capital Fund	6,879	7	0	0	0	3,443
NDS Modernisation	45	43	0	0	0	45
- External Funding	6,924	50	0	0	0	3,488
- Cost to City	0	0	0	0	0	0
Galtres (Applefields) Targeted Capital Fund	7,193	0	0	0	0	3,642
- External Funding	4,798	0	0	0	0	2,399
- Cost to City	2,395	0	0	0	0	1,243
Huntington School Improvements TCF	5,897	743	0	0	0	5,295
NDS Modernisation	563	81	0	0	0	563
NDS Modernisation	0	-62	0	0	0	0
DfES Targeted Capital Fund	2,981	0	0	0	0	2,379
DfES Targeted Capital Fund	298	0	0	0	0	298
Schools Access Initiative	100	0	0	0	0	100
Insurance Income	31	31	0	0	0	31
Section 106	74	74	0	0	0	74
School Contribution	724	74	0	0	0	724
- External Funding	4,771	198	0	0	0	4,169
- Cost to City	1,126	545	0	0	0	1,126
NDS Modernisation	18,043	3,209	0	0	0	12,297
NDS Modernisation	4,671	195	0	0	0	2,571
NDS Modernisation	9,783	2,599	0	0	0	6,532
NDS Modernisation	2,242	-100	0	0	0	1,847
Schools Access Initiative	81	0	0	0	0	81
Revenue Contribution	0	0	0	0	0	0
School Contribution	56	56	0	0	0	56
DfES Grant	100	100	0	0	0	100
Section 106	434	400	0	0	0	434
DfES Devolved Capital Grant	454	-41	0	0	0	454
External Grant	222	0	0	0	0	222
Basic Need	0	0	0	0	0	0
- External Funding	18,043	3,209	0	0	0	12,297
- Cost to City	0	0	0	0	0	0
Neighbourhood Nurseries Initiative	6,194	0	0	0	0	3,596
DfES Grant	2,967	0	0	0	0	1,541
NDS Modernisation	1,043	0	0	0	0	793
Seed Capital Grant	200	0	0	0	0	100
DfES ICC Grant	265	0	0	0	0	265
External Grant	360	0	0	0	0	180
Revenue Contribution	0	0	0	0	0	0
Schools Access Initiative	139	0	0	0	0	81
DfES Devolved capital Grant	352	0	0	0	0	202
Section 106	0	0	0	0	0	0
- External Funding	5,326	0	0	0	0	3,162
- Cost to City	868	0	0	0	0	434
Robert Wilkinson Basic Need	1,692	22	0	0	0	866
Basic Need	1,693	40	0	0	0	867
NDS Modernisation		-18				-1
- External Funding	1,692	22	0	0	0	866
- Cost to City	0	0	0	0	0	0
Schools Access Initiative	2,345	318	0	0	0	1,352
Schools Access Initiative	2,345	318	0	0	0	1,352
- External Funding	2,345	318	0	0	0	1,352
- Cost to City	0	0	0	0	0	0
Skills Centre	3,036	2,108	0	0	0	2,814
DfES Targeted Capital Fund	0	0	0	0	0	0
DfES Targeted Capital Fund	2,606	1,678	0	0	0	2,384
NDS Modernisation	430	430	0	0	0	430
- External Funding	3,036	2,108	0	0	0	2,814
- Cost to City	0	0	0	0	0	0
Sure Start	1,536	1,060	0	0	0	1,298
Sure Start Capital Grant	1,536	1,060	0	0	0	1,298

Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
- External Funding	1,536	1,060	0	0	0	1,298
- Cost to City	0	0	0	0	0	0
Specialist Schools Status	600	0	0	0	0	300
- External Funding	600	0	0	0	0	300
- Cost to City	0	0	0	0	0	0
Integrated Children's Centres	3,230	3,082	0	0	0	3,230
DfES Grant	1,424	1,276	0	0	0	1,424
Sure Start Capital Grant	416	416	0	0	0	416
DoH Safeguard Grant		500				500
DfES Devolved Capital Grant		240				240
NDS Modernisation		650				650
- External Funding	3,230	3,082	0	0	0	3,230
- Cost to City	0	0	0	0	0	0
Integrated Children's System Grant	84	64	0	0	0	84
- External Funding	84	64	0	0	0	84
- Cost to City	0	0	0	0	0	0
Westside Review - Oaklands	12,200	5,541	6,050	250	0	12,200
TCF	8,000	5,141	2,500	0	0	8,000
NDS Modernisation	900	400	250	250	0	900
Prudential Borrowing	1,300	0	1,300	0	0	1,300
Revenue Contribution	0	0	0	0	0	0
- External Funding	10,200	5,541	4,050	250	0	10,200
- Cost to City	2,000	0	2,000	0	0	2,000
Westside Review - Manor	3,500	0	3,493	0	0	3,500
- External Funding	0	0	0	0	0	0
- Cost to City	3,500	0	3,493	0	0	3,500
Youth One Stop Shop	302	24	0	0	0	300
External Grant	302	24	0	0	0	300
- External Funding	302	24	0	0	0	300
- Cost to City	0	0	0	0	0	0
Oaken Grove Community Centre	501	31	0	0	0	267
External Grant	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	501	31	0	0	0	267
TOTAL GROSS EXPENDITURE	98,338	18,853	9,543	250	0	69,386
Less :External Funding	87,948	18,277	4,050	250	0	60,816
COST TO CITY OF YORK	10,390	576	5,493	0	0	8,570
City Strategy (Planning & Transport)						
Highway Resurfacing & Reconstruction (Struct Maint)	4,884	1,337	1,000	750	500	4,884
- Prudential Borrowing	250	0	0	0	0	250
- External Funding	250	0	0	0	0	250
- Cost to City	4,634	1,337	1,000	750	500	4,634
Highway Repairs & Renewals (Struct Maint)	1,250	500	0	0	0	1,250
- Prudential Borrowing	1,250	500	0	0	0	1,250
- External Funding	1,250	500	0	0	0	1,250
- Cost to City	0	0	0	0	0	0
Local Transport Plan (LTP)	27,465	6,310	5,221	4,933	4,623	27,465
Supported Capital Expenditure	25,984	5,095	4,955	4,933	4,623	25,984
Section 106	1,481	1,215	266	0	0	1,481
- External Funding	27,465	6,310	5,221	4,933	4,623	27,465
- Cost to City	0	0	0	0	0	0
York City Walls - Repairs & Renewals (City Walls)	316	112	67	67	67	316
- External Funding	0	0	0	0	0	0
- Cost to City	316	112	67	67	67	316
Robin Hood's Tower Strengthening (City Walls)	165	147	0	0	0	165
- External Funding	0	0	0	0	0	0
- Cost to City	165	147	0	0	0	165
York City Walls - Health & Safety (City Walls)	101	26	20	20	20	101
- External Funding	0	0	0	0	0	0
- Cost to City	101	26	20	20	20	101
Developer Contribution schemes (LTP Struct)	3,141	674	500	300	300	3,141
Section 106	3,141	674	500	300	300	3,141
- Cost to City	0	0	0	0	0	0
Government Grants (LTP Struct)	215	62	44	43	42	215
- External Funding	215	62	44	43	42	215
- Cost to City	0	0	0	0	0	0
Special Bridge Maintenance (Struct maint)	141	78	0	0	0	141
- External Funding	0	0	0	0	0	0
- Cost to City	141	78	0	0	0	141
Foss Islands Depot	10,009	0	0	0	0	9,673
- Government Grant	681	0	0	0	0	681
- Prudential Borrowing	527	0	0	0	0	527
- External Funding	1,208	0	0	0	0	1,208
- Cost to City	8,801	0	0	0	0	8,465
TOTAL GROSS EXPENDITURE	47,687	9,246	6,852	6,113	5,552	47,351
Less :External Funding	33,529	7,546	5,765	5,276	4,965	33,529

Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
COST TO CITY OF YORK	14,158	1,700	1,087	837	587	13,822
City Strategy (Economic Development)						
ABB Site Regeneration	4	0	0	0	0	2
- External Funding	0	0	0	0	0	0
- Cost to City	4	0	0	0	0	2
Small Business Workshops	261	259	0	0	0	261
- External Funding	0	0	0	0	0	0
- Cost to City	261	259	0	0	0	261
Tourist Information Centre	3,750	250	3,500	0	0	3,750
- Government Grant			2,300			2,300
- Prudential Borrowing			1,200			1,200
- External Funding	0	0	3,500	0	0	3,500
- Cost to City	3,750	250	0	0	0	250
TOTAL GROSS EXPENDITURE	4,015	509	3,500	0	0	4,013
Less :External Funding	0	0	3,500	0	0	3,500
COST TO CITY OF YORK	4,015	509	0	0	0	513
Neighbourhood Services (Environmental Services)						
Air Quality Monitoring	197	34	0	0	0	129
- Government Grant	197	34	0	0	0	129
- External Funding	197	34	0	0	0	129
- Cost to City	0	0	0	0	0	0
Flood Pump	20	20	0	0	0	20
- External Funding	0	0	0	0	0	0
- Cost to City	20	20	0	0	0	20
Grey Bin Replacement	30	0	0	0	0	30
- Government Grant	30					30
- External Funding	30	0	0	0	0	30
- Cost to City	0	0	0	0	0	0
Household Waste Sites (Hazel Court)	2,535	0	0	0	0	1,292
- Prudential Borrowing	1,586					793
- Government Grant	199					124
- External Funding	1,785	0	0	0	0	917
- Cost to City	750	0	0	0	0	375
Purchase of Recycling Containers	114	44	0	0	0	114
- Government Grant	114	44				114
- External Funding	114	44	0	0	0	114
- Cost to City	0	0	0	0	0	0
Contaminated Land Investigation	33	10	0	0	0	33
- Government Grant	33	10				33
- External Funding	33	10	0	0	0	33
- Cost to City	0	0	0	0	0	0
Waste Efficiency Performance Grant	203	203	0	0	0	203
- Government Grant	203	203				203
- External Funding	203	203	0	0	0	203
- Cost to City	0	0	0	0	0	0
Foxwood Community Pride	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	0	0	0	0	0	0
Ward Committees - Improvement Schemes	900	304	202	0	0	791
- External Funding	0	0	0	0	0	0
- Cost to City	900	304	202	0	0	791
TOTAL GROSS EXPENDITURE	4,032	615	202	0	0	2,612
Less :External Funding	2,362	291	0	0	0	1,426
COST TO CITY OF YORK	1,670	324	202	0	0	1,186
Housing						
Modernisation of Local Authority Homes	2,674	252	102	117	122	2,210
- Revenue Contribution	1,930	252	102	117	122	1,466
- External Funding	1,930	252	102	117	122	1,466
- Cost to City	744	0	0	0	0	744
Repairs to Local Authority Properties	13,997	1,839	2,005	2,177	2,478	12,335
- SCE	7,000	1,000	1,000	1,000	1,000	6,000
- Revenue Contribution	6,544	839	1,005	1,177	1,478	5,882
- External Funding	13,544	1,839	2,005	2,177	2,478	11,882
- Cost to City	453	0	0	0	0	453
Assistance to Older & Disabled People	2,607	561	377	325	327	2,260
- Revenue Contribution	2,607	561	377	325	327	2,260
- External Funding	2,607	561	377	325	327	2,260
- Cost to City	0	0	0	0	0	0
Housing Grants & Associated Investment (Gfund)	9,602	1,430	1,430	1,430	1,430	8,402
- RTB receipts	2,989	680	680	680	680	2,989
- Government Grant	6,243	750	750	750	750	5,192
- External Funding	9,232	1,430	1,430	1,430	1,430	8,181
- Cost to City	370	0	0	0	0	221
Howe Hill Homeless Hostel (Gfund)	2,221	287	0	0	0	1,324

Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
- RTB receipts	1,161	287	0	0	0	794
- External Funding	1,161	287	0	0	0	794
- Cost to City	1,060	0	0	0	0	530
Commuted Sums	460	0	0	0	0	230
- External Funding	460	0	0	0	0	230
Travellers (Gfund)	400	195	0	0	0	400
- Government Grant	300	95	0	0	0	300
- External Funding	300	95	0	0	0	300
- Cost to City	100	100	0	0	0	100
MRA Schemes	33,965	4,685	4,791	4,838	4,946	28,808
- Government Grant	33,965	4,685	4,791	4,838	4,946	28,808
- External Funding	33,965	4,685	4,791	4,838	4,946	28,808
- Cost to City	0	0	0	0	0	0
Arclight (Gfund)	212	0	0	0	0	212
- Government Grant	212	0	0	0	0	212
- External Funding	212	0	0	0	0	212
- Cost to City	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	66,138	9,249	8,705	8,887	9,303	56,181
Less :External Funding	63,199	9,149	8,705	8,887	9,303	54,133
COST TO CITY OF YORK	2,939	100	0	0	0	2,048
						0
Leisure and Culture						0
Acomb Library	750	698	0	0	0	750
External Grant	675	623	0	0	0	675
- External Funding	675	623	0	0	0	675
- Cost to City	75	75	0	0	0	75
Barbican Bowling Green Relocation	50	0	0	0	0	25
- External Funding	0	0	0	0	0	0
Barbican Pool	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
Barbican Venture Professional Fees	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
York Pools and Indoor Sports Provision (York Pools Strat)	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
Chapelfields Community Centre	649	0	0	0	0	328
- External Funding	0	0	0	0	0	0
- Cost to City	649	0	0	0	0	328
Community Resource Centre at Haxby / Wigginton	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	0	0	0	0	0	0
Danebury Drive	28	12	0	0	0	20
Section 106	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	28	12	0	0	0	20
Hull Road Park	28	0	0	0	0	14
Section 106	28	0	0	0	0	14
- External Funding	28	0	0	0	0	14
- Cost to City	0	0	0	0	0	0
Knavesmire Culverts	392	0	0	0	0	277
Section 106	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	392	0	0	0	0	277
Museum Service Heritage Lottery Bid	2,359	400	600	763	0	2,086
- External Funding	0	0	0	0	0	0
- Cost to City	2,359	400	600	763	0	2,086
Oaken Grove Community Centre	468	0	0	0	0	234
S106	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	468	0	0	0	0	234
Oakland's Sports Centre	2,277	62	0	0	0	1,425
New Opportunities Fund	1,822	0	0	0	0	970
DfES Devolved Capital Grant	110	0	0	0	0	110
DfES SCA	0	0	0	0	0	0
Section 106	14	0	0	0	0	14
NDS Modernisation	82	52	0	0	0	82
Venture Fund	107	0	0	0	0	107
Contributions	50	0	0	0	0	50
Revenue Contribution	5	0	0	0	0	5
Schools Access Initiative	25	0	0	0	0	25
- External Funding	2,215	52	0	0	0	1,363
- Cost to City	62	10	0	0	0	62
Oakland's Sports Centre Pitch	641	27	0	0	0	340
Sport England Grant	496	14	0	0	0	261
Section 106	0	0	0	0	0	0
- External Funding	496	14	0	0	0	261
- Cost to City	145	13	0	0	0	79
Parks and Open Spaces Development	719	193	0	0	0	484

Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
Section 106	705	193	0	0	0	470
Donations	14	0				14
- External Funding	705	193	0	0	0	484
- Cost to City	14	0	0	0	0	0
River Bank Repairs	466	0	0	0	0	234
- External Funding	0	0	0	0	0	0
- Cost to City	466	0	0	0	0	234
West Bank Park	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	0	0	0	0	0	0
War Memorial	30	30	0	0	0	30
Grant	20	20	0	0	0	20
- External Funding	20	20	0	0	0	20
- Cost to City	10	10	0	0	0	10
York Pools Strategy -	9,869	3,170	5,088	1,000	0	9,592
- Prudential Borrowing	1,424	0	1,424		0	1,424
- External Funding	1,424	0	1,424	0	0	1,424
- Cost to City	8,445	3,170	3,664	1,000	0	8,168
Youth Service One Stop Shop	342	0	0	0	0	171
External Grants	342	0	0	0	0	171
- External Funding	342	0	0	0	0	171
- Cost to City	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	19,068	4,592	5,688	1,763	0	16,010
Less :External Funding	5,905	902	1,424	0	0	4,412
COST TO CITY OF YORK	13,163	3,690	4,264	1,763	0	11,598
						0
Resources						0
Admin Accom	35,926	3,586	12,976	14,899	2,253	35,785
-Prudential Borrowing	22,022	0	6,777	12,710	2,253	21,881
- External Funding	22,022	0	6,777	12,710	2,253	21,881
- Cost to City	13,904	3,586	6,199	2,189	0	13,904
Dealing with Repairs Backlog	513	179	0	0	0	513
- External Funding	0	0	0	0	0	0
- Cost to City	513	179	0	0	0	513
Flood Pump	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	0	0	0	0	0	0
Health & Safety / DDA	419	181	0	0	0	419
- External Funding	0	0	0	0	0	0
- Cost to City	419	181	0	0	0	419
Holgate Windmill	125	0	0	0	0	125
- Contribution	17					17
- External Funding	17	0	0	0	0	17
- Cost to City	108	0	0	0	0	108
25 Hospital Fields Road	0	0	0	0	0	0
-Prudential Borrowing	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	0	0	0	0	0	0
35 Hospital Fields Road	335	141	0	0	0	335
-Prudential Borrowing	335	141	0	0	0	335
- External Funding	335	141	0	0	0	335
- Cost to City	0	0	0	0	0	0
IT Equipment	1,810	362	0	0	0	1,310
-Prudential Borrowing	1,810	362	0	0	0	1,310
- External Funding	1,810	362	0	0	0	1,310
- Cost to City	0	0	0	0	0	0
James St Business Park	16	0	0	0	0	16
- External Funding	0	0	0	0	0	0
- Cost to City	16	0	0	0	0	16
Property Key Components (H&S)	1,050	238	250	200	100	1,050
- External Funding	0	0	0	0	0	0
- Cost to City	1,050	238	250	200	100	1,050
Preserving Property Assets	10	8	0	0	0	10
- External Funding	0	0	0	0	0	0
- Cost to City	10	8	0	0	0	10
Removal of Asbestos	100	83	0	0	0	100
- External Funding	0	0	0	0	0	0
- Cost to City	100	83	0	0	0	100
Easy @ York	4,619	1,261	0	0	0	3,613
Prudential Borrowing	1,200	869	0	0	0	1,200
Grant	615	0	0	0	0	615
LPSA 1	2,412	0	0	0	0	1,406
- External Funding	4,227	869	0	0	0	3,221
- Cost to City	392	392	0	0	0	392
TOTAL GROSS EXPENDITURE	40,304	6,039	13,226	15,099	2,353	42,270
Less :External Funding	24,184	1,372	6,777	12,710	2,253	25,758
COST TO CITY OF YORK	16,120	4,667	6,449	2,389	100	16,512

Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
Social Services	0					
Joint Equipment Store	520	105	105	105	105	520
- External Funding	0	0	0	0	0	0
- Cost to City	520	105	105	105	105	520
Relocation of Hebden Rise	7	9	0	0	0	7
- External Funding	0	0	0	0	0	0
- Cost to City	7	9	0	0	0	7
Modernising EPHs	1,329	7	0	0	0	827
- External Funding	24	0	0	0	0	12
- Cost to City	1,305	7	0	0	0	815
Willow House	74	0	0	0	0	38
- External Funding	0	0	0	0	0	0
- Cost to City	74	0	0	0	0	38
Integrated Children's System Grant	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0
- Cost to City	0	0	0	0	0	0
Info Management Improvements	315	0	0	0	0	211
- External Funding	315	0	0	0	0	211
- Cost to City	0	0	0	0	0	0
Disabled Support Grant	703	100	100	100	100	602
- External Funding	200	0	0	0	0	100
- Cost to City	503	100	100	100	100	502
Morrell House	40	0	0	0	0	40
- External Funding	0	0	0	0	0	0
- Cost to City	40	0	0	0	0	40
TOTAL GROSS EXPENDITURE	2,988	221	205	205	205	2,245
Less :External Funding	539	0	0	0	0	323
COST TO CITY OF YORK	2,449	221	205	205	205	1,922
Miscellaneous						
Equal Pay capitalisation	0					543
- Prudential Borrowing	0					543
- External Funding	0					543
- Cost to City	0					0
TOTAL GROSS EXPENDITURE		0	0	0		543
Less :External Funding		0	0	0		543
COST TO CITY OF YORK		0	0	0		0
Gross Expenditure by Department						
Children's Services	98,338	18,853	9,543	250	0	69,386
City Strategy (P&T)	47,687	9,246	6,852	6,113	5,552	47,351
City Strategy (Econ Devt)	4,015	509	3,500	0	0	4,013
Housing	66,138	9,249	8,705	8,887	9,303	56,181
Leisure & Heritage	19,068	4,592	5,688	1,763	0	16,010
Neighbourhood Services	4,032	615	202	0	0	2,612
Resources	40,304	6,039	13,226	15,099	2,353	42,270
Social Services	2,988	221	205	205	205	2,245
Equal Pay Capitalisation	0					543
Total by Department	282,570	49,324	47,921	32,317	17,413	240,611
Total External Funds by Department						
Children's Services	87,948	18,277	4,050	250	0	60,816
City Strategy (P&T)	33,529	7,546	5,765	5,276	4,965	33,529
City Strategy (Econ Devt)	0	0	3,500	0	0	3,500
Housing	63,199	9,149	8,705	8,887	9,303	54,133
Leisure & Heritage	5,905	902	1,424	0	0	4,412
Neighbourhood Services	2,362	291	0	0	0	1,426
Resources	24,184	1,372	6,777	12,710	2,253	25,758
Social Services	539	0	0	0	0	323
Equal Pay Capitalisation (Prudential Borrowing)	0	0	0	0	0	543
Total External Funds by Department	217,666	37,537	30,221	27,123	16,521	184,440
Total CYC Funding required by Department						
Children's Services	10,390	576	5,493	0	0	8,570
City Strategy (P&T)	14,158	1,700	1,087	837	587	13,822
City Strategy (Econ Devt)	4,015	509	0	0	0	513
Housing	2,939	100	0	0	0	2,048
Leisure & Heritage	13,163	3,690	4,264	1,763	0	11,598
Neighbourhood Services	1,670	324	202	0	0	1,186

Capital Budget - 2007/08 to 2010/11

	Total Gross Capital Programme £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget £000	Gross Capital Programme To be Funded £000
Resources	16,120	4,667	6,449	2,389	100	16,512
Social Services	2,449	221	205	205	205	1,922
Total Capital Receipt Funding required	64,904	11,787	17,700	5,194	892	56,171

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Executive**26 June 2007**

Report of the Director of Resources

Statement of Accounts 2006/07**Summary**

1. The purpose of this report is to enable the Executive to undertake an examination of the Council's financial accounts for the financial year 2006/07 and to then submit them for approval by Full Council on the 28 June. As such this report provides the Executive with an opportunity to review and comment on the content and presentation of the Accounts prior to their finalisation.
2. The report also helps fulfil the CPA requirement that the accounts have been given a 'robust' scrutiny by Members prior to being approved. As part of this process the accounts were considered at the audit and governance committee on the 25 June. An update of their discussions will be provided at the meeting.
3. The Executive should note that copies of the statement of accounts are not attached to this agenda but instead are being circulated as part of the council agenda papers.

Background

4. The 2006/07 final account process has been very difficult. On a national basis the format of the accounts has been radically altered to bring it in line with Generally Accepted Accounting Practice (GAAP), the underlying international standard for accounts with which the Council must comply. Such an approach isn't very useful for the council in that the new standards are designed for business accounting purposes and some of the existing connectivity between the accounts and the council's business has been eroded.
5. A side affect of these changes has been that not only have officers had to deal with changed, or new, reporting and analysis arrangements but they have also had to recast the 2005/06 accounts into the revised format. The level of commitment this has required from accounting staff should not be underestimated.
6. The challenge that this has presented has meant that at the time of publication of this agenda the statement of accounts were still being finalised. A decision has been taken that rather than provide members with an incomplete document with this report, and then subsequently have to table a substantial erratum sheet at the meeting, to defer production until the council papers are published on the 20 June. Whilst not ideal this still provides the executive with an opportunity to review the statement of accounts prior to the meeting. It should be noted, however, that the

accounts review process will continue up until the accounts are agreed at full council and so there is a probability that some minor erratum will be issued at that meeting.

7. To aid in their deliberations members will be briefed on the statement of accounts at the meeting. This presentation will highlight the significant issues or changes that the Committee may wish to discuss; alternatively members may have other issues they wish to query. To assist with their discussions, Members are requested to bring their set of the draft financial accounts to the meeting.
8. It is a statutory requirement that this year Members approve the Statement of Accounts before 30 June and following this the accounts must be 'on deposit' and for the District Auditor to be available for interrogation by any member of the public. It has been provisionally agreed that the District Auditor will be available on the 6th August, and the accounts will be 'on deposit' for public inspection between 9th July and 3rd August. The deposit period will be advertised in the York Press.
9. Provisional revenue and capital outturn reports are presented elsewhere on this agenda. These reports concentrate on the performance against the budgets, and will make recommendations where budgeted work could not be completed by 31 March. As the accounts need to fully represent the financial position of the Council these recommendations will be incorporated into the Foreword to the Statement of Accounts. Any changes will have to be approved by Council when the accounts are presented to them for final approval on 28 June 2006.
10. Members should note that the District Auditor has not yet started the audit of the Statement of Accounts. If the District Auditor does insist on any significant changes to the accounts, they will be reported to the Executive following the completion of the audit.
11. To assist members understanding the following sections set out information on the constituent parts of the Statement of Accounts in the order in which they are produced.

Foreword

12. This is designed to help give readers an understanding of the accounts. It sets out a description of all the individual sections, gives an overview of the revenue and capital position in the year, identifies the position on the Council's borrowing powers and reserves and future issues that may influence how the Council is run. The Foreword also provides the opportunity to explain any changes in accounting policies that have been used in the preparation of the Accounts.

District Auditor's Report

13. This is the auditor's certificate on the accuracy or otherwise of the authority's accounts and is issued at the end of the audit process. York has never had a qualification to its audit certificate.

Statement of Accounting Policies

14. This statement sets out all the policies that have been followed in preparation of the accounts. It also intended to demonstrate where, if at all, the policies followed by Council differ from either the best practice or the CIPFA guidelines.

Statement of Responsibilities

15. This is a simple statement that sets out the different legal responsibilities of the Council and the 'Section 151 Officer' (Director of Resources). It is also where the certificate has to be signed by the Director of Resources that the accounts represent fairly the position of the Council, and the Lord Mayor (or Chair of Council on the day that the accounts are approved) must sign to demonstrate that the accounts have been approved by Members.

Statement of Internal Control

16. The Accounts and Audit Regulations Act 2004 imposes a legal requirement to prepare a Statement of Internal Control (SIC). This requirement represents a specific development in corporate governance arrangements within local authorities. The SIC has to be published with the Statement of Accounts and represents an important part of the overall process within the Council for monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and internal control. The format and wording of the SIC included in the draft accounts closely follows CIPFA guidance. The SIC is included in the Statement of Accounts.

Income and Expenditure Account

17. The Income and Expenditure Account is a new requirement which replaces the Consolidated Revenue Account. This account shows the net cost of all the functions for which the Council is responsible. It compares the cost of service provision with the income raised by fees and charges, from specific Central Government grants and from the Collection Fund. The surplus or deficit on this account represents the amount by which income is greater than or less than expenditure, where income and expenditure are measured using essentially the same accounting conventions that a large (but unlisted) company would use in preparing its audited annual financial statements.

Statement of the Movement on the General Fund Balance

18. This account reconciles the amounts that must be taken into account when determining the Council Tax of the Council in accordance with statute and non-statutory proper practices and the sums included in the Income and Expenditure Account.

Statement of Total Recognised Gains and Losses

19. This statement is a new requirement which attempts to analyse changes in the council's asset base due to:

- Surplus or deficits on income and expenditure
- The revaluation of the council's fixed assets
- Changes in pension liabilities due to actuarial revaluation

20. In many instances these revaluations impact primarily on the council's balance sheet.

Balance Sheet

21. The balance sheet shows the overall financial position of the Council with external bodies by bringing together the year-end balances of all the Council's accounts. It shows the balances and reserves at the Council's disposal, the long-term indebtedness, the net current assets and summary information on the fixed assets held.

Cash Flow Statement

22. This statement provides a link between the Balance Sheet at the beginning of the year, the revenue accounts for the year and the Balance Sheet at the end of the year. It summarises on a subjective basis the expenditure and income of the Council for revenue and capital purposes.

Housing Revenue Account Income and Expenditure

23. This account summarises the income and expenditure of providing Council houses. There is a statutory requirement to keep this account separate from other Council activities.

Statement of Movement on the Housing Revenue Account Balance

24. This statement shows how the deficit on the Housing Revenue Account Income and Expenditure Account for the year reconciles to the surplus for the year on the Statutory Housing Revenue Accounts.

Collection Fund

25. This fund shows the transactions of the Council acting as Charging Authority in relation to Council Tax, Community Charge and Non-Domestic Rating in aid of local services and shows how much monies have been distributed to the Council, North Yorkshire Police Authority, North Yorkshire Fire and Rescue Authority, and parish councils.

Consultation

26. In line with the approval process agreed in 2005 the statement of accounts and statement of internal control were considered by the audit and governance committee on the 25th June. The Executive will be updated with the results of those discussions at that meeting. This report has been produced to enable the executive to request further information on any matters included within the Accounts, or to request further information to be presented to them at a later date. The outcome of this meeting will be reported to the Council as part of their decision taking process.

Options

27. There are no alternative options applicable to this paper.

Analysis

28. The analysis of the statement of accounts will be provided at the meeting.

Corporate Priorities

29. When determining the CPA score to issue for the Council consideration is given to whether or not the Statement of Accounts has undergone a full scrutiny by Members prior to being approved by Council.

Implications

30. The implications are
- Financial - there are no financial implications to this report
 - Human Resources - there are no human resource implications to this report
 - Equalities - there are no equality implications to this report
 - Legal - there are no legal implications to this report
 - Crime and Disorder - there are no crime and disorder implications to this report
 - Information Technology - there are no information technology implications to this report
 - Property - there are no property implications to this report
 - Other - there are no other implications to this report

Risk Management

31. This report is for Members to review and comment on the Statement of Accounts. Failure to adequately review the Accounts can impact negatively upon the Council's CPA assessment and reportage of financial issues. Such oversight provides a valuable mechanism for the identification of potential errors, enhanced clarity of reportage and overall awareness of elected members. All of these areas have a positive impact on the financial management of the authority.

Conclusion

32. The production and publication of the Statement of Accounts is a statutory requirement that provides Members and interested parties with the chance to see the full financial position of the Council. Once the Accounts are audited, a set will be distributed to all Members and Chief Officers.
33. Bringing the Statement of Accounts to the Executive provides an opportunity for Member led debate and compliance with defined best practice.

Recommendations

34. The Executive is recommended to:
35. Members are requested to ask questions or raise issues in relation to the 2006/07 financial accounts

Reason: It is an important part of Member involvement in corporate governance that a full scrutiny is undertaken of the Council's Accounts.

36. Recommend the statement of accounts to full council for their approval before the 30th June 2007.

Reason: Under the current constitution full council must approve the statement of accounts. It is a statutory requirement that this approval be made no later the 30th June.

Contact Details

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Simon Wiles
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Report approved Date 13/6/07

Specialist Implications Officer(s) None

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

For further information please contact the author of this report

Background Working Papers

Statement of Accounts 2006/07
Closure of Accounts files held in the City Finance Centre



Executive

26 June 2007

Report of the Assistant Director (Audit & Risk Management)

The Corporate Procurement Strategy 2007-2010

Purpose

- 1 The purpose of this report is to:
 - a) advise the Executive of the progress made in drafting a new Corporate Procurement Strategy for 2007-2010, which replaces the original framework strategy and medium term action plan approved by the Executive in September 2003;
 - b) invite comment from the Executive on the scope and content of the draft strategy as it stands and in particular the focus and emphasis given to the various principles and policy 'headlines' that will form the basis for developing the policy framework for procurement at the Council in the future as set out on pages 7-9 and 14 & 15 respectively in the draft strategy document attached as Annex A to this report;
 - c) seek the views of the Executive as to where the organisation should seek to position itself in relation to a series of key continuums relating to the nature, performance, function, organisation of procurement activities at the Council in future as set out on pages 19-27 of the draft strategy document attached as Annex A to this report;
 - d) invite the Executive to consider and comment on the draft medium term action designed to support the further development and improvement of procurement over the next 3 years attached as Annex A to the Corporate Strategy;
 - e) ask the Executive to endorse the Strategy for adoption by the Council on behalf of Full Council in accordance with the Constitution and Scheme of Delegation.

Background

- 2 There are significant pressures for the Council to develop and adopt a fully comprehensive Corporate Procurement Strategy (CPS), including:
 - a) the need to comply with the provisions of the Local Government Act 2000 and extant statutory Best Value guidance;
 - b) long standing concerns on the part of the District Auditor and the weaknesses reported in the Annual Audit Letters about the Council's overall policy and strategy framework for procurement and competition, given added impetus more latterly by the Corporate Performance Assessment (CPA) and specific VFM criteria within the Use of Resources assessment that extend to a specific requirement for authorities to have a CPS;
 - c) the requirements of the National Procurement Strategy published by the Government in 2004 in response to the recommendations for improving public sector procurement made by the Byatt report in 2002;
 - d) the continuing national focus on public sector procurement further to the Gershon report in 2005 and more latterly by initiatives such as the Local Government Sustainable Procurement Action Plan (May 2007);
 - e) the contribution effective procurement can make to the provision of services and the 'added value' gains can accrue both in terms of improvements in quality and the optimisation of costs;
 - f) the need for the Council to shift its understanding of procurement away from a fairly traditional transactional and gate-keeping view of its role and purpose and mainstream it within the strategic management and planning considerations of the organisation;
 - g) the need to move away from short-term approaches which place lowest initial cost ahead of whole life performance at the expense of optimising sustainable solutions for the future.

- 3 Many of the weaknesses identified by the District Auditor had remained unresolved for many years prior to the creation of the Corporate Procurement Team (CPT) in early 2004. Since the team's original inception much important progress has been made to develop the regulatory and procedural infrastructure for procurement at the Council, most notably:
 - a) the publication of fully comprehensive Procurement Rules further to the new Financial Regulations adopted as part of the new Constitution in May 2006 and the development of an accompanying Procurement Guidance Manual for practitioners (in draft for Management Team's consideration as a separate item on this agenda);

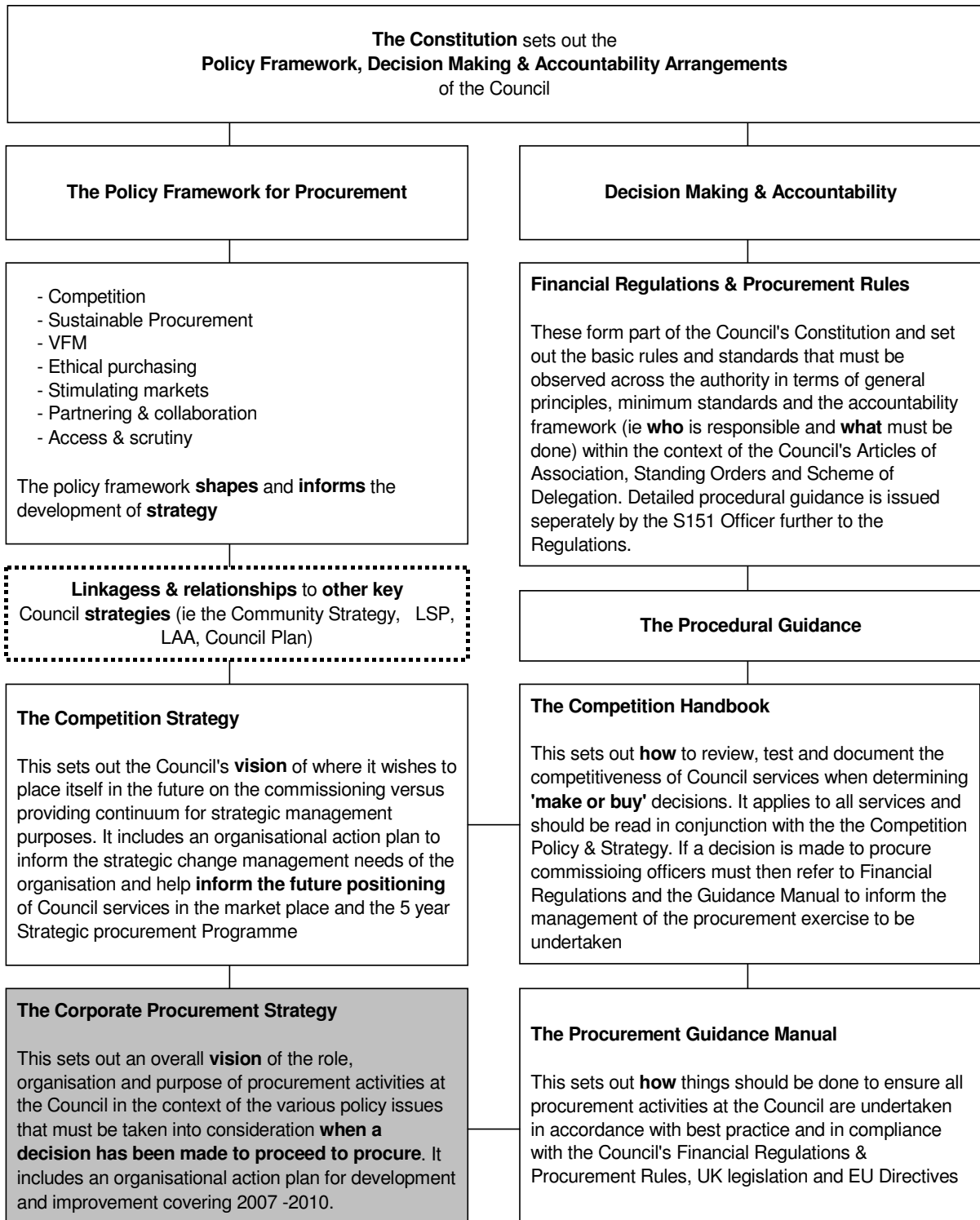
- b) the development of a fully populated corporate Contracts Register and further to the adoption of a new automated Supplier Contract Management System;
 - c) a review of all addressable spend and spend under existing contract to inform the development of a series of corporate contracts and framework agreements for generic supplies and services used across the organisation which have resulted in financial savings, less incidence of non-compliance with the regulations and other legislative requirements as well as the introduction of better contract management arrangements;
 - d) the development of standard procurement documentation covering each stage in the procurement process, along with standard contract terms and conditions all of which is available on the Resources Procurement Intranet site;
 - e) the identification of procurement savings in excess of £800k across the organisation over the last 3 years;
 - f) the development of a five year Strategic procurement programme further to the overall Efficiency Programme at the Council (as previously reported to Management Team);
 - g) the introduction of robust governance, compliance monitoring and exception reporting arrangements further to the work of the Audit & Governance Committee;
 - h) the development of an expert advisory and support service.
- 4 Whilst a provisional framework strategy and medium term action plan for 2004/05-2006/07 was approved by the Executive in autumn 2003, it has been accepted for sometime that it a fully comprehensive CPS was needed following the publication of the National Procurement Strategy in 2004.
- 5 In addition, despite the good progress exemplified at paragraph 3 above, there remain a number of serious concerns that need to be tackled as part of the new CPS, principally:
- a) on-going unacceptable incidence of non-compliance with regulatory requirements placing the Council at unnecessary risk of litigation, damage to its reputation and financial loss;
 - b) a lack of sufficiently expert and knowledgeable staff across the organisation to conduct initial procurement exercises and to then proactively manage contracts post-award allied to known skills gaps within the organisation in respect of effective programme and project management;
 - c) staffing diseconomies of scale across Directorates;
 - d) insufficient and incomplete financial management information about the type and amount of goods, services and works procured across the organisation;

- e) the absence of a coherent policy framework within which procurement should take place;
- f) insufficient involvement, investment and influence in the work of the regional Centre of Excellence;
- g) the need to clearly establish a preference for VFM based procurement as opposed to lowest cost;
- h) the need to clearly establish appropriate rules and definitions around partnering and collaboration procurement initiatives.

The strategy: key issues to note

- 6 Fundamental to the development of the CPS has been the need to establish a clear understanding of where and how all the component elements of a coherent strategy and policy framework for procurement fit together within the overall policy and accountability framework for the Council as set out in the Constitution. Exhibit 1 overleaf shows how the component parts of the overall policy, strategy and decision making framework for procurement at the Council will relate to each other when work on the Competition Strategy and Handbook elements of the overall framework have been completed later this year. In devising the overall framework, it has been crucial to establish some form of sensible boundary between what is usually termed 'strategic procurement' versus procurement per se for the purposes of preparing the CPS along with a separate Competition Strategy. It is important to note therefore that the scope of this strategy documents is to set out the Council's approach to conducting its procurement activities once a decision has been made to proceed to procure.
- 7 The CPS does not extend to how the organisation may choose to use strategic procurement activities as a lever for change and service transformation. It does not in itself, therefore, set out a vision of where the organisation should place itself on the 'commissioning versus providing' continuum for overall strategic management purposes and the future provision of Council services. Those matters are discussed in a separate Competition Strategy (encompassing the five year Strategic Procurement & Commissioning Programme) and an accompanying Competition Handbook that details how practitioners should review, test and document the competitiveness of Council services and alternative market options when determining 'make or buy' decisions. The Competition Strategy and accompanying Competition handbook will be brought forward for consideration later this autumn. Please note also that the CPS does not provide guidance as to how to conduct a procurement exercise per se. This is provided by the Procurement Guidance Manual for practitioners (which was endorsed by Corporate Services EMAP on the 8 June 2007 and has since been issued to departments as specialist guidance by the S151 Officer further to the provisions of the Council's financial regulations).

Exhibit 1



Note *The shaded box shows the position of this strategy in relation to other key component parts of the overall policy, strategy and decision making framework for procurement at the Council*

- 8 Instead, the CPS takes a high level view of procurement across the organisation, focusing on setting out:
- an overall vision of the role, purpose, objectives and organisation of procurement as a key management activity at the Council, based on a thorough knowledge and understanding of where we are now, key drivers and dependencies and our procurement aspirations for the future;
 - the principles and overall policy framework for procurement along with the professional and legislative standards that must be complied with when a decision has been taken to procure from third parties;
 - a medium term action plan providing a road map for development and improvement to achieve the vision and objectives set out in this strategy.
- 7 It is ambitious and challenging, and will require cultural change, enhanced leadership and contract management capabilities across the organisation and step-change service improvement through business process re-engineering and the use of new technologies. Deploying the strategy in practice will require the organisation to better understand the market place and demonstrate a willingness to work effectively and innovatively with suppliers and partners to deliver desirable and sustainable service outcomes to the wider benefit of the community.
- 10 The purpose of this strategy is therefore to:
- contribute to the development of a clear and consistent policy and decision making framework for strategic procurement and purchasing activities across the organisation.
 - support the service needs and ambitions of the Council and help to deliver the Council's wider policy objectives and priorities;
 - articulate best practice and management standards within a coherent framework of related procurement policy 'platforms';
 - meet the expectations of our key stakeholders, including staff, customers, partner organisations, external inspectorates, suppliers and the wider business community;
 - help change the way in which the Council thinks about procurement, away from the traditional perception of procurement as a one-off, transactional or regulatory gate-

¹ *It is important to note that the strategy itself does not constitute policy but should be driven by it. However, in the absence of a coherent and formally documented policy framework for procurement at the Council to date, it has been necessary to set out key policy 'headlines' to create that framework in order to prepare this strategy. Further work to develop these policy 'headlines' into full policy statements will be required subject to Members' consideration and approval of the strategy itself.*

keeping function, to one more focused on achieving thoughtful, effective and innovative procurement solutions that best meet the needs of the organisation and the community and is therefore truly 'sustainable' in every meaning of the word.

Options & analysis

- 11 Not relevant for the purpose of this report.

Consultation

- 12 The CPS has been considered by Corporate Management Team and Corporate Services EMAP Members and circulated as an early draft to all Chief Officers and other relevant specialist officers for comment. The draft strategy was prepared in consultation with other key stakeholders and with reference to a critical reader group during 2006/07. This included consultation with the Executive Member for Resources and shadow Executive for Resources, backbenchers and with reference to the Audit Commission. The draft has been positively received by consultees. There have been one or two requests for minor wording changes to be made before the draft is finalised and these will be done subject to any comments or required amendments further to Executive's consideration of the draft as it stands. A more substantial matter of whether the strategy should be prefaced by a statement of the Council's commitment to 'sustainable' procurement has also been raised during the consultation process, such as the example text included as Annex B to this report.

Corporate priorities

- 13 The development of the CPS contributes directly to the achievement of Corporate Priority Improvement Statement 13 '*To improve efficiency and reduce waste to free up more resources*'. However, the strategy will also contribute indirectly and to varying degrees to the delivery all 13 corporate priority statements by supporting and helping to direct procurement activities and focus across the whole organisation.

Implications

- 14 There are no specific financial, legal, HR, property, crime & prevention, IT&T or other implications arising from this report.

Risk Management

- 15 The Council remains at risk of a poor CPA and/or specific inspection reports if it does not adopt the CPS as part of the overall development agenda to establish a robust strategy, policy and decision making framework for procurement set out in Exhibit 1, before the end of this year. It also risks failing to ensure procurement activities across the organisation are properly channelled into supporting the delivery of Council objectives and ambitions.

Recommendations

- 16 The Executive is asked to:

- a) comment on the scope and content of the draft CPS and medium term action plan attached as Annex A to this report;

Reason

To seek Members views as to the scope and content of the draft strategy.

- b) consider whether the strategy should be prefaced by a general statement of the Council's commitment to 'sustainable' procurement along the lines of the example text included as Annex B to this report.

Reason

To allow officers to incorporate any necessary additions or amendments to the draft CPS and/or medium term action plan before it is adopted as final.

- c) formally endorse the draft CPS and medium term action plan, subject to consideration of a) and b) above and any necessary amendments arising and refer it to Full Council for approval in accordance with the requirements of the Constitution.

Reason

To formally adopt the CPS and medium term action plan on behalf of the Council .

Author:

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(ARM)

Ext 2943

Chief Officer Responsible for the report:

Liz Ackroyd
Assistant Director of Resources (ARM)

Report
Approved



Date 14 June 2007

Specialist Implications Officer(s) None

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Framework Strategy & Medium Term Action Plan 2004/05 – 2006/07
National Procurement Strategy

Annexes

Annex A – Corporate Procurement Strategy 2007/08 – 2009/10
Annex B – Statement of commitment (sustainable procurement)

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Annex A
Corporate procurement strategy

Consultation draft

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Corporate Procurement Strategy 2007 – 2010

Contents

Introduction	<i>paragraph</i>
Introduction	1
Spend analysis	4
Background	7
Scope & purpose of the strategy	
Scope of the strategy	10
Purpose of the strategy	14
The policy & decision making framework (Exhibit 2)	
Vision, values & objectives	
Vision statement	15
Values & principles	17
Strategic objectives (Exhibit 3)	
Standards & legislation	18
Risk management	23
The policy framework	28
The policy headlines	30
• Contracting with external suppliers	
• VFM policy	
• Partnering & collaboration policy	
• Sustainable procurement	
• Ethical purchasing	
• Stimulating markets & achieving community benefits	
• Public access & scrutiny	
The strategy	31
Reporting & monitoring arrangements	39
Glossary of terms	
Appendix A	The medium term action plan
Appendix B	Key contacts & management arrangements
Appendix C	The Procurement Rules (extract from the Council's Financial Regulations)

Foreword by Simon Wiles (CPFA)

Director of Resources & Deputy Chief Executive



The strategic importance and role of procurement has gained greater prominence nationally in recent years. A series of Government reports including Egan, Byatt and more latterly the Gershon report, have all drawn attention to the need for the better use and management of effective procurement practice to secure benefits across the public sector

Local authorities generally have always struggled to meet the often competing demands of their communities within the limited financial resources at their disposal and York is no different. Indeed as the second lowest funded unitary authority in England & Wales we have even greater pressures than most. Effective and efficient procurement arrangements are recognised as one of the main ways in which the Council can secure maximum benefit from the resources available for both revenue and capital purposes: in terms of both improvements in our services and our cost base. But a well thought out procurement strategy can help us to do more than that. It can ensure we direct the Council's spending power in ways that can best support the wider aims and objectives of the Council, including the need to promote the sustainability agenda, support the local economy and work effectively in partnership with others.

This document sets out our vision for the future and the actions we will take over the next 3 years to achieve our ambitions for procurement. The strategy is key to the Council's overall improvement agenda and will play a crucial role in helping the organisation achieve 'Excellence' in the future.

Your views and comments on the strategy would be most welcome. If you would like to discuss it further please contact Liz Ackroyd (Assistant Director of Resources, ARM) at the City Finance Centre.

Signature

Simon Wiles

Director of Resources & Deputy Chief Executive

Letter of support from Cllr Ceredig Jamieson-Ball

Dear reader,

Good procurement is key to providing cost effective and efficient services for the community. The Council spends in excess of £120m each year on externally procured good and services, so it is essential that we buy the **right** things, in the **right** way, at the **right** time and for the **right** prices.

Every local authority buys good and services from external suppliers. In doing so, the City of York Council itself is committed to ensuring it achieves value for money for the people of York. Our over-riding ambition is to always make the best use of limited financial resources in a sustainable way without compromising the quality or integrity of our services.

A great deal of thought and hard work has gone into improving the management and practice of procurement within the organisation and significant progress has been made in recent years. Nonetheless, we must keep under constant review how we can continue to improve in the future. I believe the following strategy will help the Council to achieve its ambitions for the community.

I have found this document to be both useful and informative, I hope you do too.

Signature

Councillor Ceredig Jamieson-Ball
Executive Member for Corporate Services

Introduction

- 1 Procurement has been defined in its widest sense as:

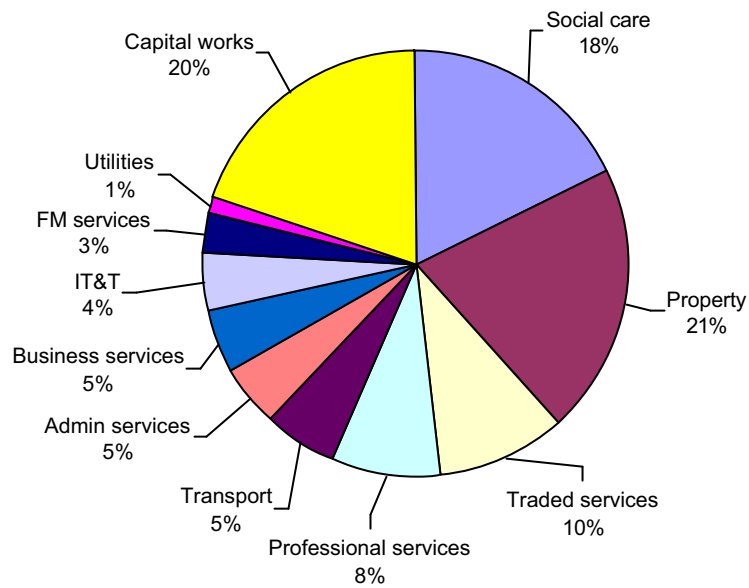
“The process of acquiring goods, works or services, covering both acquisition from third parties and from in-house providers. The process spans the whole cycle, from identification of needs through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical ‘make or buy’ decision, which may result in the provision of services external to the Council in appropriate circumstances”

The National Procurement Strategy (ODPM 2004)

- 2 This definition encompasses both the more traditional concepts of purchasing along with wider strategic management issues about how procurement can be used to inform the shape and nature of the organisation as a whole and the delivery of Council services to best meet the needs of users and our local communities in the future. Effective procurement should therefore play a crucial role in helping the organisation provide high quality, cost effective public services.
- 3 There are a number of important reasons as to why this strategy has been prepared. The key drivers include:
 - a) the need to comply with the provisions of the Local Government Act 2000 and extant statutory Best Value guidance;
 - b) the requirements of the National Procurement Strategy published in 2004 in response to the recommendations of the Byatt report for improving public sector procurement;
 - c) the continuing national focus on public sector procurement further to the Gershon report in 2005 and more latterly by initiatives such as the Local Government Sustainable Procurement Action Plan (May 2007);
 - d) the contribution procurement can make to the effective provision of services and the ‘value added’ gains that can accrue both in terms of improvements in quality and the optimisation of costs;
 - e) the need for the Council to shift its understanding of procurement away from a fairly traditional transactional and gate-keeping view of its role and purpose and mainstream it within the strategic management and planning considerations of the organisation;
 - f) effective procurement arrangements are major considerations within the VFM assessment for the Use of Resources judgement further to the Comprehensive Performance Assessment (CPA);
 - g) the need to move away from short-term approaches which place lowest initial cost ahead of whole-life performance at the expense of optimising sustainable solutions for the future.

- 4 The Council is a major purchaser within the region, spending approximately £120m per annum with external suppliers. This represents about one third of the Council's gross annual budget. Exhibit 1 below shows the type and relative values of Council spend by main category with external suppliers.

Exhibit 1 Spend analysis



The spend analysis shown in Exhibit 1 is based on an independent interrogation of the Council's financial management systems for historic spend in 2003/04 excluding paybill costs, taxes and duties, schools and HRA expenditure.

- 5 A clear understanding of how procurement can be used to get the best value for the money the Council spends on behalf of tax payers is crucial therefore. In addition, the level of aggregate Council spend on any given category of goods or services can also constitute significant economic power within the market place that may be used to the wider benefit of the community and to help achieve wider policy ambitions and priorities of the Council.
- 6 Done well, and in the context of a robust overall policy and strategy framework, procurement can help the Council achieve its wider objectives, make more efficient use of scarce resources, drive improvement and mitigate risk.

Background

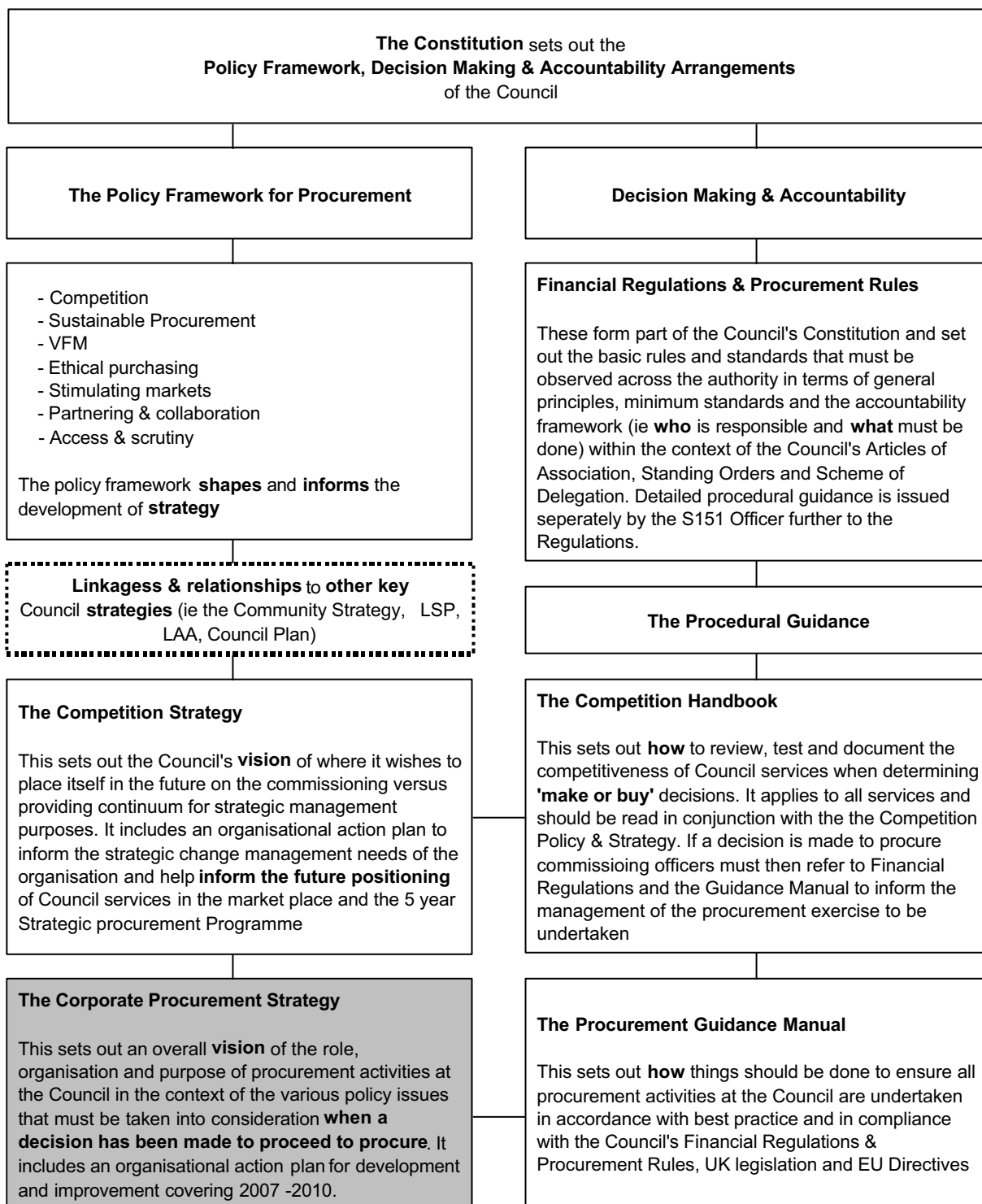
- 7 Procurement has suffered in past years at the Council from under-investment, poor management information, and a lack of suitably expert and knowledgeable resources available to support the procurement needs and aspirations of the organisation. Management attention has tended to focus on reactive, service based purchasing activities whilst pressures to demonstrate value for money, achieve economic savings, and ensure compliance with proper practice, government inspection, policy and legislative requirements have made heavy demands on the small central team established in 2004 to provide procurement support and advice across the Council.
- 8 Whilst working from a low starting point, much work has been done since then to address a challenging development agenda and significant changes and improvements have been made, including:
 - a) the publication of fully comprehensive Procurement Rules further to the new Financial Regulations adopted as part of the new Constitution in May 2006 and the development of an accompanying Procurement Guidance Manual for practitioners;
 - b) the development of a fully populated corporate Contracts Register and the adoption of a new automated Supplier Contract Management System;
 - c) a review of all addressable spend under existing contract and the development of a series of corporate contracts and framework agreements for generic supplies and services, resulting in financial savings, reduced non-compliance and better post-award contract management arrangements;
 - d) the development of standard procurement documentation covering each stage in the procurement process, along with standard contract terms and conditions available via the Resources Procurement Intranet site;
 - e) the identification of procurement savings in excess of £800k across the organisation over the last 3 years;
 - f) the creation of an expert central advisory and support service;
 - g) the development of a five year Strategic Procurement Programme further to an overall Efficiency Programme for the Council.
- 9 However, much remains to be done if we are to become truly 'excellent' in the future and this strategy is fundamental to putting procurement on the path to excellence over the next 3 years.

Scope & purpose of this strategy

- 10 This strategy sets out an overall vision of the role, organisation and purpose of procurement activities at the Council in the context of the various policies that must be taken into consideration **once a decision has been made to proceed to procure**. It includes a medium term action plan for development and improvement up to the organisation's move to one-site operations at Hungate in 2010. It is ambitious and challenging, and will require cultural change, enhanced leadership and contract management capabilities across the organisation and step-change service improvement through business process re-engineering and the use of new technologies. Deploying the strategy in practice will require the organisation to better understand the market place and demonstrate a willingness to work effectively and innovatively with suppliers and partners to deliver desirable and sustainable service outcomes to the wider benefit of the community.
- 11 The scope of this document does not extend to how the organisation may choose to use strategic procurement activities as a lever for change and service transformation. It **does not** in itself, therefore, set out a vision of where the organisation should place itself on the 'commissioning versus providing' continuum for overall strategic management purposes and the future provision of Council services. Those matters are discussed in a separate Competition Strategy (encompassing the five year Strategic Procurement & Commissioning Programme) and an accompanying Competition Handbook that details how practitioners should review, test and document the competitiveness of Council services and alternative market options when determining 'make or buy' decisions.
- 12 Instead, this document takes a high level view of procurement across the organisation, focusing on setting out:
 - an overall vision of the role, purpose, objectives and organisation of procurement as a key management activity at the Council, based on a thorough knowledge and understanding of where we are now, key drivers and dependencies and our procurement aspirations for the future;
 - the principles and policy framework for procurement and the professional and legislative standards that must be complied with when a decision has been taken to procure from third parties;
 - a medium term action plan providing a road map for development and improvement to achieve the vision and objectives set out in this strategy.

- 13 This strategy does not provide guidance as to how to conduct a procurement exercise per se. Detailed advice on how to carry out individual procurements is provided in the Procurement Guidance Manual for practitioners, which should in turn be read in conjunction with the Council's Financial Regulations and Procurement Rules. Exhibit 2 overleaf shows the relationships between the different elements of the policy and decision making framework for procurement and the place of this strategy in that context.
- 14 The purpose of this strategy is to:
- contribute to the development of a clear and consistent policy and decision making framework for strategic procurement and purchasing activities across the organisation;
 - support the service needs and ambitions of the Council and help to deliver the Council's wider policy objectives and priorities;
 - articulate best practice and management standards within a coherent framework of related procurement policy 'platforms';
 - meet the expectations of our key stakeholders, including staff, customers, partner organisations, external inspectorates, suppliers and the wider business community;
 - help change the way in which the Council thinks about procurement, away from the traditional perception of procurement as a one-off, transactional or regulatory gate-keeping function, to one more focused on achieving thoughtful, effective and innovative procurement solutions that best meet the needs of the organisation and the community.

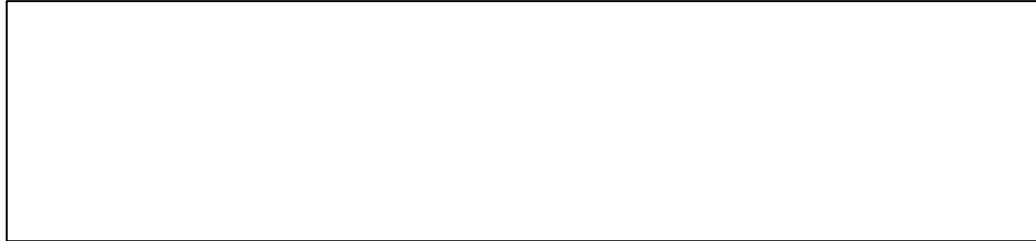
Exhibit 2 The policy & decision making framework



Note The shaded box shows the position of this strategy in relation to other key component parts of the overall policy, strategy and decision making framework for procurement at the City of York Council

Vision, values & objectives

- 15 An overarching vision statement for procurement at the Council has been developed and is set out below.



- 16 A series of key objectives and supporting 'success' measures have been devised further to the Council's strategic vision for procurement. These are organised across key themes and are set out in the table shown at Exhibit 3 overleaf.

- 17 The strategic vision and objectives for procurement are rooted in a commitment to the following guiding principles and assumed cultural values that should inform the approach to all procurement activity across the organisation:

- **Fairness & transparency**

The Council is committed to ensuring fairness, openness and honesty in all its procurement activities. All staff and members will act with due probity and propriety in all their dealings with third parties and in the development of business relationships and service partnerships. Equally, the Council expects its contractors and suppliers to act openly and honestly in all their dealings with the Council.

- **Equality & diversity**

The Council is committed to ensuring equal opportunities, access and treatment for all. All procurement activity will be conducted in a way that is non-discriminatory and promotes equality of opportunity for staff, the public and business. The Council will ensure it fulfils its statutory responsibilities by requiring all its contractors and suppliers to comply with all current equalities legislation including the Race Relations (Amendment) Act 2002, the Race Relations Act 1976, the Sex Discrimination Act 1975, the Disability Discrimination Act 1995, the Employment Equality Regulations 2003 and Codes of Practice issued by the Equality Commission. The Council will promote the healthy development of a mixed economy of supply in which the optimum procurement solution for the organisation and the wider community will be preferred.

- **Sustainability**

All procurement activities will be undertaken with regard to the need to ensure integrated, sustainable development and the use of assets. Procurement decisions must be made with regard to 'whole life' value for money considerations and environmental impacts. The Council will implement the actions recommended by the Sustainable Procurement Taskforce (May 2007) to support the shared national goal for the UK to become a leader in the EU on sustainable procurement by 2009.

- **Value for Money**

There will be no automatic preference for lowest price awards where it is known that important quality or other whole life costing considerations should also be evaluated to ensure the Council obtains and sustains best value throughout the life of an asset and/or contracts for supplies and services. All awards will be made through competitive process in accordance with Council Regulations, UK legislation and EU Directives. Corporate contracts for generic supplies and services will be used by all parts of the organisation wherever possible to make best use of the Council's purchasing power in the market place, exploit potential economies of scale and ensure the proper aggregation of contract values across the organisation.

- **Management standards**

All procurement activity at the Council will be lawful and undertaken in accordance with the relevant professional and best practice standards. The regulatory and procedural framework for procurement will be complied with at all times to ensure accountability, probity and the proper safeguarding of Council assets of public monies. Any exception to this rule must be approved in advance by the Chief Finance Officer and also, when appropriate, the Monitoring Officer. All procurement exercises must be clearly documented to provide a clear audit trail and records must be kept securely by the commissioning department for a specified period. All contracts entered into must be logged on the Corporate Contracts Register maintained by the Corporate Procurement Team for overall management and reporting purposes.

- **Risk Management**

All risks associated with the development and on-going performance of a contract must be assessed by the commissioning department in accordance with the Council's Risk Management Policy and Strategy. A formal risk assessment should be completed as part of any significant procurement exercise and all mitigation actions recorded within the Risk Register for effective management purposes.

- **Project Management**

All major procurement exercises must be managed as structured projects, scaled to fit the complexity and value of the procurement and incorporating appropriate levels of monitoring and control. It is the aim of the Council to move towards the use of structured project and programme management methodologies to ensure the necessary skills and disciplines are in place to ensure the successful management and completion of all project work, on time, within budget and in accordance with the project specification.

- **Doing business electronically**

It is recognised that long term efficiencies in the procurement process may be best realised through the better, universal use of e-technology solutions. The Council is committed to reviewing how e-procurement developments can be used to improve its current arrangements. It is developing the use of its Supplier & Contracts Management System which incorporates an e-tendering solution and allows the business community to access information about all local authority contracts and awards across the region via a shared web-portal. Other long term efficiencies and service improvements will be afforded through the replacement of the Council's financial ledger system.

- **Training & development**

Effective procurement relies on the involvement of suitably knowledgeable and expert staff to support the initial procurement process but equally then to manage the deployment of individual contracts post-award. The staff training and development required to build competence and capacity across the organisation ranges from a basic knowledge and understanding of purchasing practice to more formal procurement and project management qualifications as appropriate. The Corporate Procurement Team are responsible for developing and delivering a Council-wide training programme for all staff and Members engaged in procurement.

Exhibit 3 Strategic objectives

VFM, competition & efficiency
To ensure procurement procedures are managed cost efficiently and value for money is obtained in the procurement of all goods, services and works
To fully exploit all available economies of scale and opportunities for market leverage by extending the use of corporate contracts and framework agreements
To support staff and members in identifying scope for year on year contract savings and other procurement related VFM improvements
To promote the greater and more consistent use of whole life costing and cost/benefit techniques in evaluating known or preferred quality considerations where applicable in awarding major contracts
To ensure the proper use of competition to help the organisation obtain and demonstrate best value in the choice and delivery of all Council contracts
Performance management
To establish an appropriate set of key indicators, standards and targets for procurement within an agreed performance management framework that includes all relevant feedback and reporting cycles
To develop the management information systems necessary to ensure the production of accurate, complete, up to date and easily accessible spend analysis and other performance information relevant to the function of procurement at the Council
Sustainability
To adopt the Local Government Sustainable Action Plan as set out by the Sustainable Procurement Task Force (May 2007)
To ensure all procurement practices are consistent with and support the delivery of the Council's wider environmental strategy and Local Agenda 21 Plan
To develop the use of corporate contracts for areas of generic spend and ensure that consideration of environmental impacts, ethical trading concerns and sustainable procurement considerations are fully built into the evaluation process by building in suitable quality criteria into contract specifications and using use of whole life costing techniques in the evaluation process where relevant
To work with the regional Centre of Excellence and other partner organisations to encourage good practice and influence the development of a diverse and sustainable external market place
Partnership & collaboration
To foster and encourage innovative procurement solutions to support the Council's partnership aspirations and help the organisation to work effectively in collaboration with others

Standards & governance

To ensure that risk is appropriately managed and that all procurement activities and transactions are legal, comply with the regulatory framework and the Council's Code of Corporate Governance

To ensure all procurement activity and decision making is carried out in accordance with the Constitution

Staffing & organisation

To ensure that scarce procurement resources are deployed effectively and that systems are in place to deliver the Council's strategic procurement priorities

To determine and clearly document the respective roles and responsibilities of central and devolved staff involved in procurement activities

To invest in the recruitment and retention of suitably qualified, experienced and competent staff and secure an appropriate mix of central and local staff inputs to support the corporate and operational procurement needs of the organisation

To ensure a structured approach to the education, training and development of all staff across the organisation with procurement and contract management responsibilities

Equalities & inclusion

To develop and promote consistent procurement practices and procedures that ensure that the Council fulfils its statutory duties, promotes equality for all in the procurement process and requires all suppliers to comply with all equalities standards

To develop and promote consistent procurement practices and procedure that ensure that the needs of all parts of the community and minority groups are fully considered in the development of suitable contract specifications and procurement solutions

To develop and promote consistent procurement practices that take due account of a preference to purchase locally and/or encourage Small & Medium sized Enterprises in the market place where this does not compromise legal or other competition requirements or the ability of the Council to obtain VFM

To encourage local companies and Small & Medium sized Enterprises to participate in the contracting process and provide a means of impartial advice and support to such companies to assist them in doing so

New technologies

To use new and emerging information technologies wherever possible to reduce transactional costs and improve the efficiency and effectiveness of all aspects of the procurement process for the Council, external suppliers and contractors and to the benefit of the community

Standards & legislation

- 18 All procurement activity must be conducted in accordance with the Council's Financial Regulations and Procurement Rules, UK Legislation and EU Procurement Legislation. Compliance with the regulatory framework is vital: protecting the Council against litigation, and securing accountability for the way in which public money is spent. Failure to comply with legislative and regulative rules may constitute misconduct and lead to formal disciplinary action.
- 19 All staff and members involved in procurement must:
- ensure that any procurement exercise is legal, transparent and does not expose the Council to unacceptable risk;
 - seek any necessary advice, guidance and support from the Corporate Procurement Team and refer to them in respect of any contract for goods, works or services in excess of the relevant EU thresholds;
 - conduct procurement exercises in a fair and transparent manner, consistent with the requirements of the Council's Financial Regulations and the procedures set out in the Procurement Guidance Manual for practitioners;
 - report any concerns they may have over the conduct of any procurement exercise, known fraud or corruption or any other breach of the Council's Financial Regulations to the Chief Internal Auditor for investigation and action;
- 20 In addition, commissioning officers must take into consideration the requirements of the following legislation to ensure that the procurement process is not prejudiced or open to future challenge.
- The Race Relations Amendment Act,
 - TUPE Regulations;
 - Local Government Act;
 - Freedom of Information Act.
- 21 In doing so, the following principles must be reflected in the documentation, evaluation and award of contracts when selecting and dealing with suppliers:
- the elimination of unlawful racial discrimination, be that direct, indirect or institutional;
 - promote equality of opportunity and good relations between persons of different racial groups.
- 22 Full details of all legislative and regulatory requirements at each stage in the procurement process are set out in the Council's Financial Regulations & Procurement Rules and the Procurement Guidance Manual for practitioners.

Risk management

- 23 Risk management is integral to good management practice enabling the Council to better understand, document and mitigate the risks and opportunities arising from any given procurement exercise.
- 24 Procuring goods, services and works from third parties exposes the Council to a range of risks. Procurement risk is often considered from a simple transactional perspective relating to an individual procurement, eg what risks would we run if a contractor fails to deliver a service. However, thinking about procurement as a strategic management concern for the Council, also means thinking about the risks the Council as a corporate entity would be exposed to if any part of the overall process of procurement across the organisation breaks down or is badly managed. Having an effective management infrastructure which includes everything from appropriate governance, decision making, staffing and contract management arrangements is crucial to managing the procurement risks the Council is exposed to everyday as a result of all the various individual commissioning and purchasing activities taking place across the organisation.
- 25 The management of risk should be proportionate to the size and value of the procurement exercise but should always include consideration of the following stages in the risk management cycle:
- **Identify** the risks that exist
 - **Assess** those risks for potential frequency and severity
 - **Eliminate** the risks that can be eliminated
 - **Reduce** the effect of those risks that can not be eliminated
 - **Monitor** the results of any risk management action taken
 - **Evaluate** and balance hazards and opportunities to make well-informed decisions
- 26 Where a major procurement exercise is to be undertaken a recognised project methodology should be adopted, such as Prince II. Integral to most project methodology is the development of a formal risk register.
- 27 Successful risk management flows from an early assessment of likely risks in the planning stage of any given procurement. Whilst the kinds of risk arising will be specific to each procurement, consideration of the following risk factors would be typical in most exercises:
- discontinuity in the supply of essential goods or services;
 - procurement outcomes that are contrary to Council objectives;
 - fraud and corruption;
 - prosecution and litigation for infringement of regulations;
 - change in the external environment;
 - understanding the market;
 - future supply and demand for the product.

The policy framework

- 28 All procurement takes place within the context of the overall policy framework at the Council as set out in the Constitution. There are already a number of corporate policies that have a direct bearing on procurement considerations including those for Equalities, Environment, Risk Management, Insurance, x, y, z
- 29 In addition to those wider 'generic' policy statements, the specific policy framework for procurement at the Council is made up a grouped series of policy 'platforms' relating to the following issues:
- Competition (contracting with external suppliers);
 - VFM;
 - partnering and collaboration;
 - sustainable procurement;
 - ethical purchasing;
 - stimulating markets and achieving community benefits.
- 30 The policy headline for each platform is set out below.

Contracting with external suppliers

All goods, works and services which are to be sourced externally will always be acquired through a legally compliant competition process unless there are compelling reasons to do otherwise and any necessary exemption from Council Regulations is allowable under UK law and EU Directives and has been agreed in advance with the Chief Finance Officer. The decision to award must be transparent and evidence of comparative quotes or tenders must be fully documented through an equitable and consistent evaluation process.

VFM policy

Contracts will normally be awarded to the provider offering the most economically advantageous balance of quality and cost. The evaluation process will ensure that competitive bids or quotes are fairly assessed on the basis of quality and other non-cost considerations and the costs that will be incurred by the Council throughout the life of an asset (including its disposal) or contract period.

Partnering & collaboration policy

Opportunities to work effectively in partnership and collaboration with others to deliver better, cost effective outcomes to our customers and across the community will be actively pursued and supported through the development and use of innovative procurement solutions. New approaches will be encouraged in order to support new ways of working in the future wherever possible, providing the Council is protected at all times against risk of loss, misappropriation, fraud,

damage to its reputation or legal challenge. Entering into contractual partnering arrangements with a third party organisation, irrespective of its market place position, will be subject to normal competition and VFM requirements set out in the procurement policy framework. The comparative benefits of non-contractual shared service solutions and informal partnering arrangements based on non-contractual agreements must be documented along with an examination of alternative market place solutions.

Sustainable procurement

Good, services and works will be procured wherever possible and within known financial constraints in such a way as to maximise the whole life values to the organisation, its partners and the wider community whilst seeking to minimise any adverse environmental impacts of any given supply. Thought must be given to any relevant environmental sustainability issues. Equally, consideration should be given to the sustainability of the supply within the market place and how contracted goods, services or works will contribute to the sustainability of the Council and its services to the community.

Ethical purchasing

All procurement decisions must give due regard to known ethical concerns relating to any given supply. Council procurements must not (however indirectly) go towards supporting the known exploitation of child or slave labour, promoting racism or encouraging social segregation or division. Ethical considerations may be brought into the evaluation process as quality or other non-cost considerations. For example, an ethical preference for Fair Trade products for example may be rewarded through additional 'non-price' criteria within the evaluation process. A balanced judgement as to the desirability of any given supply should then be assessed on the basis of the overall costs and value that will be incurred and derived by the Council throughout the life of an asset (including its disposal) or contract period.

Stimulating markets & achieving community benefits

The Council has a legal responsibilities to help stimulate the market place, foster the social and economic well-being of its communities and support the development of a vibrant local economy. Procurement solutions will be developed with this in mind and preference given to Small & Medium sized Enterprises and/or local providers where there is no legal or VFM detriment to the Council.

Public access & scrutiny

All procurement activities will be transparent and open to public scrutiny. All contract information relating to existing awards, up and coming contracts and approved supplier lists will be logged on the Council's web-enabled Supplier Contract Management System for easy reference by the business community across the region.

The strategy

- 31 This strategy seeks to set out a clear 'road map' of what the Council wants to achieve in respect of procurement over the next three years based on a clear understanding of:
- a) how the procurement agenda has developed since the Council adopted the original framework strategy for procurement and initial medium term plan for development and improvement running between 2004/05 – 2006/07 across a range of key service themes or 'continuums';
 - b) the current baseline position at the Council in respect of each of those continuums further to the work done over the last 3 years;
 - c) what, realistically, can be achieved over the next 3 years to make further progress within known funding, resourcing and technological constraints;
 - d) what actions are therefore needed and over what time-scales to ensure the effective deployment of this strategy by the end of 2009/2010.
- 32 An analysis of a, b and c above, has been prepared on the basis of a set of key service continuums derived from the strategic objectives for procurement set out on pages 10 & 11 of this document. The continuums chosen include:
- VFM, competition & efficiency;
 - Performance management;
 - Sustainability;
 - Partnership & collaboration;
 - Standards & governance;
 - Staffing & organisation;
 - Equalities & inclusion;
 - New technologies;
 - Ethical purchasing.
- 33 Each continuum contains within in it a series of sub-set considerations. These are set out on pages x-x. Each continuum sets out the key features that might be expected in relation to different levels of performance based on a scale of 1 – 7 where:
- 1 = failing**
 - 2 = poor**
 - 3 = inadequate**
 - 4 = satisfactory**
 - 5 = above average**
 - 6 = good**
 - 7 = excellent**

- 34 These continuums have then been used to assess where the organisation started from, the current position and what can be achieved over the next 3 years within known funding, resourcing and technological constraints. Each sub-set consideration has therefore been marked to clearly indicate the following:



Starting position at beginning of 2003/04



Position at end of 2006/07



Aspiration by end of 2009/2010

- 35 As the continuum analysis demonstrates the organisation has achieved a great deal over the last 3 years. On average overall arrangements now equate to somewhere between a '3' and a '4', having averaged a high '1' to borderline '2' before the creation of the current Corporate Procurement Team, deployment of the Council's original framework strategy for procurement and implementation of the first 3 year action plan (2004/05-2006/07) for improvement and development.

- 36 Clearly, however, there remains a great deal to be done across the piece to now move the organisation forward and put it firmly on the road to excellence. The ambition set out in this strategy and the accompanying action plan at Annex A will ensure the organisation is able to position itself firmly in the range of '5' to '6' over the next 3 years with a view to then moving up to excellence after 2010 when step-change improvement opportunities will be afforded by:
- a) the move to one-site operations at Hungate, and;
 - b) the realisation of medium to long term benefits of much work now in progress to modernise procurement practices at the Council through the planned use of new technologies come on stream.

- 37 Whilst a realistic assessment of what is achievable over the next 3 years, the medium term ambitions set out in the continuums are challenging and represent significant stretch targets for improvement within existing arrangements. It will therefore be vital to keep these under on-going review as the new action plan is implemented to ensure the strategy can be achieved. Key areas for action that will support progress across all service continuums will include:

- a) the development of fully worked up policy statements to establish a robust framework for procurement worked up from the principles and policy 'headlines' set out on pages 7-9 and 14 & 15 of this document respectively that is fully aligned with the future corporate strategy of the Council;

- b) fully embedding across all parts of the organisation the regulatory and compliance framework established following the review of the Constitution and adoption of new financial regulations and procurement rules in May 2006;
- c) developing overall organisational skills, knowledge and competencies through targeted training and support to departmental commissioning officers and directed work with the staff 'procurement community';
- d) reviewing the organisational management of procurement activities across the organisation in the lead up to one-site operations at Hungate to optimise the best use of scarce specialist resources in future years;
- e) developing the planned use of new technologies to support the management information needs of the organisation, promote effective contract and supplier management practices, build-in light touch monitoring arrangements to ensure compliance and promote good governance, achieve administrative efficiencies and process improvements, communicate effectively with our key stakeholders, partners, customers, suppliers and the wider community;
- f) establish a robust approach to whole life costing to support effective bid evaluation processes that enables the organisation to exercise and demonstrate balanced procurement judgements based on the whole life value of goods, services and works that fully reflect all policy considerations in the decision making process;
- g) ensure partnering, shared service and other collaboration opportunities can be fully exploited in support of the Council's overall strategic ambitions and management considerations in future years.

38 A detailed action plan setting out what will be done further to this strategy and in what time-scales is attached at Annex A. The arrangements for monitoring and reporting progress on the strategy and action plan over the next 3 years are set out on page 29 of this document.

VFM, competition & efficiency

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Regulatory framework	No or incomplete regulatory infrastructure	Weak regulatory infrastructure	Infrastructure exists but not embedded	Sound infrastructure embedded & mostly observed without need for remedial action or sanction	Sound infrastructure fully embedded & observed	Sound infrastructure fully embedded & observed and regularly reviewed and updated	Sound infrastructure fully embedded & observed Regularly reviewed and updated CPA UOR judgement = 4
Compliance	Evidence of whole-scale non-compliance	Evidence of significant non-compliance	Evidence of non-compliance	Low incidence of non-compliance	Very little non-compliance	Non-compliance is the exception	Non-compliance is the exception
Vulnerability to 3rd party challenge & intervention	High risk and unlikely that any challenge could be defended	High risk and unlikely that any challenge could be defended	Medium risk and uncertainty as to whether all/any challenges could be defended	Low to medium risk but most challenges could be defended	Low risk and most challenges could be defended	Low risk but few challenges that could be confidently defended	Low risk. Challenge is the exception. Challenges can always be confidently defended
Organisational skills, knowledge & competencies	Lack of skills, knowledge and expertise across the organisation	Low level general skills, knowledge and expertise across the organisation	Limited investment in general skills staff training & development, inconsistent profile	Adequate investment in general skills staff training & development across the Council	Planned investment in general skills training that meets the needs of commissioning departments	Planned investment in general skills training that meets the current & future needs of the Council	Planned investment in general skills training that meets the current & future needs of the Council
Specialist procurement skills, knowledge & competencies	No investment in specialist procurement resources	Limited investment in specialist procurement resources that falls well short of meeting the actual service needs of the Council	Limited investment in specialist procurement resources that meets some but not all of the service needs of the organisation	Adequate investment in specialist procurement function that meets the priority service needs of the organisation most of the time	Appropriately resourced and resilient specialist procurement function that meets the current service needs of the organisation	Appropriately resourced specialist procurement function that meets the current & projected future service needs of the Council	Award winning specialist procurement function & advisory support services that is well resourced and meets the current & future needs of the Council
Strategy & policy	Lack of coherent strategy & policy framework for procurement	Weak and inconsistent strategy & policy framework for procurement	Discrete strategy & policy framework for procurement	Coherent strategy & policy framework for procurement that is linked to overall corporate strategy & plan	Coherent strategy & policy framework within overall Council strategy that supports strategic management and decision making	Coherent strategy & policy framework linked to overall corporate strategy and seen as key driver for strategic management and decision making	Coherent strategy & policy framework fully aligned to corporate strategy & plan and seen as core to strategic management practices at the Council
Whole life costing/value	No use of whole life costing/value	Little use of whole life costing/value	Some use & awareness of WLC but no coherent policy or approach	Acceptance & use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm
Stimulating the market place	No attempts to stimulate the market place	Adhoc or uninformed attempts to stimulate the market place	Awareness of requirements but no capacity to support in practice	Awareness of requirements but little capacity to support in practice	Some efforts to develop market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services	Market place development core to procurement and approach fully aligned with the strategic management of the Council
Innovation & new technologies	No evidence of innovative procurement solns and/or use of new technologies	Some evidence of adhoc use of innovative procurement solns and/or use of new technologies	Limited planned use of innovative procurement solns and/or use of new technologies	Planned use of innovative procurement solns and/or use of new technologies but limited in nature and scope of application	Universal use of innovative procurement solutions and use of new technologies within defined & time-bound plan	Well developed universal use of innovative procurement solns and/or use of new technologies within plan	Regarded as best practice site for innovative procurement solns and/or use of new technologies
MIS & use of performance management information	No management and performance information	Inadequate and unreliable management and performance information	Limited but reliable management and performance information	Reliable management and performance information systems used for basic monitoring and reporting purposes	Reliable MIS used to target, track and direct procurement activities in addition to standard monitoring & reporting	Reliable MIS used to target, track and direct procurement activities, inform the budget process and resource allocations	Reliable MIS used to target, track and direct procurement activities, inform the budget process and drive resource allocations

Performance Management

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Management information systems	Little or no use of MIS to support performance management routines	Limited use of MIS but restricted in scope and unreliable/poor quality base data	Some use of MIS but restricted in scope and management routines not embedded	Established use of reliable MIS and related management routines but limited in scope and impact	MIS used to actively inform the roll-out of the procurement strategy and development work across the organisation	MIS used to actively inform planned spend and development agenda at the Council	MIS analysis central to the strategic decision making of the Council
Performance measures	No use of agreed performance measures for procurement	Initial review but no consistent use or agreed basket of PIs for management purposes	Agreed basket of measures but data capture, reporting and monitoring routines not embedded	Agreed basket of measures, adequate data capture arrangements and management routines in place	Basket of measures fully reflect best practice indicators agreed nationally, regularly reviewed and monitored	All as 5 along with benchmarking activities to identify areas for improvement	All as 6 & outcomes built into overall efficiency & strategic procurement programme
Monitoring and reporting	No established monitoring and reporting arrangements	Some monitoring and reporting but limited in scope and visibility	Monitoring and performance management routines established in principle but not embedded	Monitoring and performance management routines established and embedded	Monitoring and reporting routines meet all best practice requirements	Monitoring and reporting routines meet all best practice requirements and result in positive action being taken by the Council to remedy or improve current practice	Monitoring and reporting routines meet all best practice requirements and integrated into the strategic management and decision making routines of the Council
Strategy & policy	Lack of coherent strategy & policy framework for procurement	Weak and inconsistent strategy & policy framework for procurement	Discrete strategy & policy framework for procurement that incorporate performance management requirements	Coherent strategy & policy framework for procurement incorporating best practice performance management arrangements that is linked to overall corporate strategy & plan	Coherent strategy & policy framework within overall Council strategy that drives performance management needs and supports decision making	Coherent strategy, policy & integral performance management framework linked to overall corporate strategy, seen as key driver for strategic management and decision making	Coherent strategy, policy & integral performance management framework linked to overall corporate strategy, fully aligned to corporate strategy & plan and seen as core to strategic management practices at the Council
Process & innovation	Transactional and localised activity No coherent data capture or information management infrastructure	Transactional and localised activity. Weak information management infrastructure and insufficiently supported (evident technology and/or other resourcing limitations)	Some evidence that corporate and local processes have built in performance data needs	Procurement activity transacted in a way that ensures standard management and performance information can be collected across the organisation	Procurement activity transacted in a way that ensures good management and performance information can be collected across the organisation	Universal arrangements ensure comprehensive management and performance information is collected across the organisation with minimum administration	As 6. Accurate and timely performance information informs all procurement decisions and drives efficiency and improvement
Stimulating the market place	No attempts to use performance information to understand the market place	Some adhoc analysis of the market place to support discrete procurement exercises	Awareness of requirements but no capacity to support unified approach in practice	Awareness of requirements but little capacity to support unified and planned approach in practice	Some planned effort to use performance data to stimulate the market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services based on sound performance data and analysis	Analysis based market place development core to procurement and approach fully aligned with the strategic management of the Council

Sustainability

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Strategy & policy	The organisation does not have a procurement strategy and policy framework that considers sustainability	The organisation gives little or no consideration to sustainability issues in its procurement strategy and policy framework	The organisation gives some consideration to sustainability in its procurement strategy and policy framework	Sustainability considerations are incorporated within the overall strategy and policy framework for procurement	Sustainability considerations are fully intergated within the overall strategy and policy framework for procurement which is fully reflected in supporting working practices and processes	As 5. The strategy includes actions recommended by Sustainable Procurement Taskforce for the UK to become an EU leader on sustainable procurement by 2009	As 5 and the strategy ensures all actions recommended by Sustainable Procurement Taskforce are achieved by 2009
Organisational skills knowledge & competencies	Lack of skills, knowledge and experience of sustainability across the organisation	Low level general skills & knowledge of sustainability across the organisation	General skills & knowledge base across the Council with some local adhoc expertise	Good basic general skills and knowledge of sustainability issues in procurement across the organisation	Developed general skills, knowledge and localised specialisms according to service understanding of sustainable procurement considerations across the organisation	Developed general skills, knowledge and expertise of sustainability across the organisation supported and maintained by robust corporate procurement training plan	Well developed general skills, knowledge and expertise of sustainability across the organisation underpinned by corporate procurement training plan and seen as a best practice Council
Best practice compliance	No evidence of compliance with sustainable procurement best practice requirements	Adhoc evidence of compliance with sustainable procurement best practice requirements	No coherent approach to promoting compliance with sustainable procurement best practice requirements	Coherent approach to promoting universal compliance with sustainable procurement and evidence of some local good practice for specific schemes	Coherent approach to promoting universal compliance with sustainable procurement best practice requirements and evidence of much local good practice for specific schemes	Best practice requirements built into every procurement exercise	Seen as best practice exemplar authority
Process & Innovation	The organisation does not take account of sustainability within its standard procurement processes and documentation including T&C's	Little evidence that the organisation takes account of sustainability issues within its standard procurement processes and documentation including T&C's	Evidence that the organisation takes some account of sustainability within its standard procurement processes and documentation including T&C's	Evidence that the organisation clearly takes account of sustainability within its standard procurement processes and documentation including T&C's	Well developed approach to sustainability taken into account within the organisations standard procurement processes and documentation including T&C's to deliver desired contract outcomes	Well developed approach to sustainability within standard procurement processes and documentation including T&C's to deliver desired contract outcomes and support the delivery of overall Council objectives	Innovative and imaginative approach to sustainability within standard procurement processes and documentation including T&C's as well as consideration in WLC seen as a best practice Council
Stimulating the market place	No attempts to develop the market place for sustainable supplies & services	Some adhoc analysis of the market place to support discrete procurement exercises and promote sustainability and sustainable procurement solutions	Awareness of requirements but no capacity to support unified approach in practice	Awareness of requirements but little capacity to support unified and planned approach in practice	Some planned effort to use Council purchasing power to stimulate the market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services	Analysis based market place development core to procurement and approach fully aligned with the strategic management of the Council
Whole life costing/value	No use of whole life costing/value	Little use of whole life costing/value	Some use & awareness of WLC but no coherent policy or approach	Acceptance & use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm

Partnership & Collaboration

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Strategy & Policy	The organisation does not have a procurement strategy and policy framework that considers the use of partnering and collaboration procurement issues and solutions	The organisation gives little or no consideration to partnering and collaboration issues in its procurement strategy and policy framework	The organisation gives some consideration to partnering and collaboration opportunities in its procurement strategy and policy framework	Partnering and collaboration considerations are incorporated within the overall strategy and policy framework for procurement	Partnering and collaboration considerations are fully intergrated within the overall strategy and policy framework for procurement which is fully reflected in supporting working practices and processes	As 5 and the approach taken actively fosters effective partnering procurement and collaboration initiatives	As 5 and the approach taken ensures all partnering and collaboration opportunities are fully exploited and help deliver the objectives of the LAA and shared service agenda
Organisational skills knowledge & competencies	Lack of skills, knowledge and experience of partnering and collaboration procurement across the organisation	Low level general skills & knowledge of partnering and collaboration procurement across the organisation	Low level general skills & knowledge of partnering and collaboration procurement across the organisation but pockets of developed specialism	Good basic general skills and knowledge of partnering and collaboration procurement issues across key services in the organisation	Developed general skills & knowledge across the organisation and localised expertise and training according to service need	Developed general skills & knowledge across the organisation supported and maintained by robust corporate procurement training plan	As 6 and seen as a best practice authority for Comprehensive Area Assessment purposes
Specialist procurement skills, knowledge & competencies	No investment in specialist procurement resources to support partnering or other collaborative procurement exercises	Limited investment in specialist procurement resources that falls well short of meeting the actual service needs of the Council	Limited investment in specialist procurement resources that meets some but not all of the service needs of the organisation	Adequate investment in specialist procurement function that meets the priority partnering needs of the organisation most of the time	Appropriately resourced and resilient specialist procurement function that meets the current partnering needs of the organisation	Appropriately resourced specialist procurement function that meets the current & projected future partnering needs of the Council	Award winning specialist procurement function & advisory support services that is well resourced and meets the current & future partnering needs of the Council
Best practice compliance	No evidence of compliance with procurement best practice requirements	Adhoc evidence of compliance with procurement best practice requirements	No coherent approach to promoting compliance with procurement best practice requirements	Coherent approach to promoting universal compliance with best practice requirements and evidence of some local good practice for specific schemes	Coherent approach to promoting universal compliance with procurement best practice requirements and evidence of much local good practice for specific schemes to deliver Council objectives	Best practice requirements built into every procurement exercise and good evidence of innovative procurement solutions to deliver Council objectives	As 6 and seen as a best practice authority for Comprehensive Area Assessment purposes
Regulatory framework	No or incomplete regulatory infrastructure that does not cover partnering & collaboration arrangements	Weak regulatory infrastructure that pays insufficient regard to partnering and collaboration	Infrastructure exists but not embedded	Sound infrastructure embedded & mostly observed without need for remedial action or sanction	Sound infrastructure fully embedded & observed	Sound infrastructure fully embedded & observed and regularly reviewed and updated	Sound infrastructure fully embedded & observed Regularly reviewed and updated CPA UOR judgement = 4
Stimulating the market place	No attempts to develop the market place through partnering or collaboration initiatives	Some adhoc use of partnering and collaboration that stimulates the market place by default rather than design	Awareness of requirements but no capacity to support unified approach in practice	Awareness of requirements but little capacity to support unified and planned approach in practice	Some planned effort to use partnering or shared purchasing power to stimulate the market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services through innovative partnering and collaboration initiatives	Analysis based market place development core to procurement and approach fully aligned with the strategic management and objectives of the Council for the LAA
Whole life costing/value	No use of whole life costing/value	Little use of whole life costing/value	Some use & awareness of WLC but no coherent policy or approach	Acceptance & use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm

Standards & Governance

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Regulatory framework	No or incomplete regulatory infrastructure	Weak regulatory infrastructure	Infrastructure exists but not embedded	Sound infrastructure embedded & mostly observed without need for remedial action or sanction	Sound infrastructure fully embedded & observed	Sound infrastructure fully embedded & observed and regularly reviewed and updated	Sound infrastructure fully embedded & observed Regularly reviewed and updated CPA UOR judgement = 4
Compliance	Evidence of whole-scale non-compliance	Evidence of significant non-compliance	Evidence of non-compliance	Low incidence of non-compliance	Very little non-compliance	Non-compliance is the exception	Non-compliance is the exception
Vulnerability to 3rd party challenge & intervention	High risk and unlikely that any challenge could be defended	High risk and unlikely that any challenge could be defended	Medium risk and uncertainty as to whether all/any challenges could be defended	Low to medium risk but most challenges could be defended	Low risk and most challenges could be defended	Low risk but few challenges that could be confidently defended	Low risk. Challenge is the exception. Challenges can always be confidently defended
Performance & management standards	No identification of agreed standards for procurement	Initial review but no consistent use or reference to agreed standards for management purposes	Agreed standards but evidence of non-compliance and assurance routines not fully embedded and/or resourced	Agreed standards and management routines in place and corporate assurance functions fully resourced to check and report compliance	Agreed standards fully reflect national best practice and regularly reviewed and monitored	All as 5 along with benchmarking activities to identify areas for improvement	All as 6 & outcomes built into overall efficiency & strategic procurement programme
Monitoring and reporting	No established monitoring and reporting arrangements	Some monitoring and reporting but limited in scope and visibility	Monitoring and performance management routines established in principle but not embedded	Monitoring and performance management routines established and embedded	Monitoring and performance management routines established and embedded that promote accountability and result in remedial action or sanction as necessary	Monitoring and reporting routines meet all best practice requirements and result in positive action being taken by the Council to remedy and improve current practice	Monitoring and reporting routines meet all best practice requirements and integrated into the strategic management and decision making routines of the Council
Process & innovation	Transactional and localised activity No coherent management infrastructure	Transactional and localised activity Weak management infrastructure and insufficiently supported (evident technology and/or other resourcing limitations)	Some evidence that corporate and local processes have built in management standards and reflect basic governance requirements	Procurement activity transacted in a way that ensures management standards are maintained and the basic governance needs of the organisation fully observed	High standards and good governance routines built into all procurement activity without exception	Good governance arrangements foster innovation and allows the organisation to stretch its risk appetite without compromising the probity or propriety of Council activities	As 6. Authority arrangements recognised nationally as best practice
Strategy & policy	The organisation does not have a procurement strategy and policy framework that incorporates standards & governance arrangements	The organisation gives little or no consideration to standards & governance concerns as part of an overall strategy and policy framework for procurement	The organisation gives some consideration to standards & governance as part of the strategy and policy framework for procurement	Standards & governance considerations are incorporated within the overall strategy and policy framework for procurement	Standards & governance considerations are fully intergated within the overall strategy and policy framework for procurement which is fully reflected in supporting working practices and processes	As 5. All standards and governance requirements for procurement are regularly monitored and reviewed by the Audit & Governance Committee	As 5. All standards and governance requirements for procurement are regularly monitored and reviewed by the Audit & Governance Committee which may direct departmental remedy and/or Executive action

Staffing & Organisation

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Organisational skills, knowledge & competencies	Lack of skills, knowledge and expertise across the organisation	Low level general skills, knowledge and expertise across the organisation	Limited investment in general skills staff training & development, inconsistent profile	Adequate investment in general skills staff training & development across the Council	Planned investment in general skills training that meets the needs of commissioning departments	Planned investment in general skills training that meets the current & future needs of the Council	Planned investment in general skills training that meets the current & future needs of the Council
Specialist procurement skills, knowledge & competencies	No investment in specialist procurement resources	Limited investment in specialist procurement resources that falls well short of meeting the actual service needs of the Council	Limited investment in specialist procurement resources that meets some but not all of the service needs of the organisation	Adequate investment in specialist procurement function that meets the priority service needs of the organisation most of the time	Appropriately resourced and resilient specialist procurement function that meets the current service needs of the organisation	Appropriately resourced specialist procurement function that meets the current & projected future service needs of the Council	Award winning specialist procurement function & advisory support services that is well resourced and meets the current & future needs of the Council
Organisational management arrangements	Organisation does not understand balance of skills and experience needed to support its procurement needs or the best way in which to organise its procurement resources	Organisation recognises the need for skilled staffing resources but investment in corporate support infrastructure is limited and not aligned to organisational service needs	Organisation acknowledges need to develop balanced departmental and corporate skills profile but level of investment and overall capacity does not meet all the needs of the Council	Organisational management needs have been thoroughly reviewed in context of service needs and future development considerations	Optimum organisational management solution defined and deployed but medium to long term benefits still to realised	Optimum organisational management solution defined and deployed and successful change management process delivers benefits within agreed timescales and to budget	Optimum organisational management solution kept under review and flexibility built in to allow for change or re-alignment according to the strategic needs of the organisation
Innovation & new technology	Organisation does not use new technologies to support organisational capacity and investment in procurement resources	Organisation considers use of new technologies to support organisational capacity but investment is limited and piecemeal	Some consideration of new technologies to build capacity and organisational management needs	Planned use of new technologies to build capacity and respond to organisational management needs	Planned use of new technologies within an overall e-Government programme of works to build capacity and deliver organisational management needs	As 5 to build capacity, deliver tangible administrative efficiencies and foster the successful shared service/collaborative procurement solutions to drive out economies of scale	Fully e-compliant service using p2p, e-market place and e-tendering solutions to deliver procurement function. The Council is seen as a best practice authority
Compliance	No investment in necessary compliance and assurance functions and routines for procurement	Insufficient investment in procurement function and compromised governance arrangements and internal control environment. Unacceptable incidence of investigations, remedial action and sanctions	Some investment in support infrastructure for procurement to deliver a limited compliance function but significant incidence of investigation activities, remedial action and sanctions	Investment made allows minimum governance and assurance standards and compliance functions to be fulfilled but some incidence of investigation activities, remedial action and sanctions	Sufficient investment in coherent infrastructure but minor incidence of investigation activities, remedial action and sanctions	Governance systems minimise reactive investigation needs and allows for the re-direction of expert procurement resources to support the advisory, training and specialist procurement needs of the organisation	Effective governance arrangements maximises best use of resources and enables light touch compliance function
Training & communications	No or very few organised training events for developing staff skills, knowledge and expertise across the organisation	Few organised training events for developing staff skills, knowledge and expertise across the organisation. Training that does take place is adhoc, inconsistent and poorly targeted	Some organised training events for developing staff skills, knowledge and expertise across the organisation but patchy and inconsistent	Evidence of organised and co-ordinated staff training programme. Intranet site and procurement community established and Member Champion identified by the Council	Evidence of an established training programme ensuring all relevant staff groups understand all relevant rules and regulations with regard to delivering best practice procurement. Member training programme established.	Established training programme, mature procurement community and comprehensive web-site. Member training programme and procurement 'master classes' well regarded and attended.	Training programme extended to include external partners and stakeholders including the supplier community to promote best practice and support the needs of SMEs and local suppliers.

Equalities & Inclusion

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Strategy & Policy	The organisation does not have a procurement strategy and policy framework that considers equalities & inclusion issues	The organisation gives little or no consideration to equalities & inclusion issues in its procurement strategy and policy framework	The organisation gives some consideration to equalities & inclusion issues in its procurement strategy and policy framework	Equalities considerations are incorporated within the overall strategy and working practices in such a way as to meet all legal and best practice requirements	Equalities issues are fully intergrated within the overall strategy and policy framework, aligned with the Council's overall Equalities Strategy and fully reflected in all working practices and processes	As 5. The focus on equalities encourages SMEs and others less well placed to participate in the procurement process	As 6. A programme of outreach work ensures impartial advice and support is provided to encourage active participation across the community
Organisational skills knowledge & competencies	Lack of skills, knowledge and experience across the organisation	Low level general skills & knowledge across the organisation	General skills & knowledge base across the Council with some local adhoc expertise	Thorough skills and knowledge of equalities issues in procurement across the organisation	Developed general skills, knowledge and localised specialisms according to service need	Developed general skills, knowledge and expertise of equalities across the organisation supported and maintained by robust corporate procurement training plan	Well developed general skills, knowledge and expertise of equalities across the organisation underpinned by corporate procurement training plan and seen as a best practice Council
Compliance	No evidence of compliance with all legal and best practice requirements	Most legal requirements met but adhoc evidence of compliance with best practice requirements	All legal requirements observed but no coherent approach to promoting compliance with best practice requirements across the organisation	Coherent approach to promoting universal compliance with all legal requirements and evidence of some local good practice and inclusion initiatives	Coherent approach to promoting universal compliance with all legal and best practice requirements and evidence of much local good practice for specific schemes	As 5. Best practice evident in all Council procurements and outreach work to promote equalities and inclusion across the business community as necessary	As 6. Seen as best practice exemplar authority
Process & Innovation	The organisation does not take account of equalities within its standard procurement processes and documentation including T&C's	Little evidence that the organisation takes account of equalities issues within its standard procurement processes and documentation including T&C's	Evidence that the organisation takes some account of equalities within its standard procurement processes and documentation including T&C's	Evidence that the organisation clearly takes account of equalities within its standard procurement processes and documentation including T&C's	Well developed approach to equalities within standard procurement processes and documentation including T&C's and with others to deliver desired contract outcomes	Well developed approach to equalities within standard procurement processes and documentation including T&C's to deliver desired contract outcomes, community needs and overall Council objectives	Innovative and imaginative approach taken including well developed approach to WLC. Seen as a best practice Council
Stimulating the market place	No attempts to influence the market place to promote equalities and inclusion	Some adhoc analysis of the market place to support discrete procurement exercises and promote equalities and inclusion	Awareness of requirements but no capacity to support unified approach in practice	Awareness of requirements but little capacity to support unified and planned approach in practice	Planned effort to use purchasing power to promote equalities and inclusion in the market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services	Analysis based market place development core to procurement and approach fully aligned with the strategic management of the Council
Whole life costing/value	No use of whole life costing/value	Little use of whole life costing/value	Some use & awareness of WLC but no coherent policy or approach	Acceptance & use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm
Regulatory framework	No or incomplete regulatory infrastructure	Weak regulatory infrastructure	Infrastructure exists but not embedded	Sound infrastructure embedded & mostly observed without need for remedial action or sanction	Sound infrastructure fully embedded & observed	Sound infrastructure fully embedded & observed and regularly reviewed and updated	Sound infrastructure fully embedded & observed Regularly reviewed and updated CPA UOR judgement = 4
Vulnerability to 3rd party challenge & intervention	High risk and unlikely that any challenge could be defended	High risk and unlikely that any challenge could be defended	Medium risk and uncertainty as to whether all/any challenges could be defended	Low to medium risk but most challenges could be defended	Low risk and most challenges could be defended	Low risk but few challenges that could be confidently defended	Low risk. Challenge is the exception. Challenges can always be confidently defended

New Technologies

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Innovation & new technology	Organisation does not use new technologies to support organisational capacity and investment in procurement resources	Organisation considers use of new technologies to support organisational capacity but investment is limited and piecemeal	Some consideration of new technologies to build capacity and organisational management needs	Planned use of new technologies to build capacity and respond to organisational management needs	Planned use of technologies within an overall t-Government programme of works to build capacity and deliver organisational management needs	As 5 to build capacity, deliver tangible efficiencies and foster the successful collaborative procurement solutions to drive out economies of scale	Fully e-compliant service using p2p, e-market place and e-tendering solutions to deliver procurement function. The Council is seen as a best practice authority
Strategy & Policy	The organisation does not have a procurement strategy and policy framework that considers the use of new technologies	The organisation gives little or no consideration to new technologies in its procurement strategy and policy framework	The organisation gives some consideration to new technologies in its procurement strategy and policy framework	The overall strategy shapes the use of new technologies for procurement to support organisational capability and capacity	The strategy and policy framework direct future investment in new technologies to drive service improvement and efficiency	As 5. The strategy is fully aligned with the Council's IT Strategy and ITD programme of work to deliver all t-government requirements	As 6. A programme of outreach work ensures impartial advice and support is provided to encourage active participation across the community using new technologies
Process & innovation	Transactional and localised activity. No coherent data capture or information management infrastructure	Transactional and localised activity. Weak information management infrastructure and insufficiently supported (evident technology and/or other resourcing limitations)	Some evidence that corporate and local processes have exploited available technologies to improve process management	Procurement activity makes best use of available technology efficiencies within existing organisational constraints	Procurement activity transacted in a way that ensures process efficiency, promotes accessibility and supports effective contract and supplier management practices	New technology solutions optimised, minimal manual administration, good communications, effective supplier management, transparency of process and light touch compliance routines	As 6. Opportunities for extending and improving use of new technologies kept under constant review and built into strategic management and decision making processes
Stimulating the market place	No attempts to influence the market place to support new technology developments further to the needs of the organisation	Some adhoc analysis of the market place to support discrete procurement exercises	Awareness of requirements but no capacity to support unified approach in practice	Awareness of requirements but little capacity to support unified and planned approach in practice	Planned effort to use combined purchasing power to nurture technologies within the market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services	Analysis based market place development core to procurement and approach fully aligned with the strategic management of the Council
Compliance	No use of new technologies to manage compliance	Little use of new technologies to manage compliance	Use of new technologies to help inform compliance management issues within existing service and infrastructure constraints	As 3. Active consideration of how to use new technologies for light touch compliance to support the governance needs of the organisation	Council arrangements make best use of new technology solutions available in the market place within given resource constraints	An innovative programme of development is in place that forecasts future needs and informs the development of the Council's IT Strategy	As 6. Council seen as best practice authority
Specialist procurement skills, knowledge & competencies	No investment in specialist procurement resources to support the development and use of new technologies	Limited investment in specialist procurement resources that falls well short of meeting the actual service needs of the Council	Limited investment in specialist procurement resources that meets some but not all of the service needs of the organisation	Adequate investment in specialist procurement function that meets the priority service needs of the organisation most of the time	Appropriately resourced and resilient specialist procurement function that meets the current service needs of the organisation	Appropriately resourced specialist procurement function that meets the current & projected future service needs of the Council	Award winning specialist procurement function & advisory support services that is well resourced and meets the current & future needs of the Council
Management information systems	Little or no use of MIS to support procurement	Limited use of MIS but restricted in scope and unreliable systems/poor quality base data	Some use of MIS but restricted in scope and management routines not embedded	Established use of reliable MIS and related management routines but limited in scope and impact	MIS used to actively inform the roll-out of the procurement strategy and development work across the organisation	MIS used to actively inform planned spend and development agenda at the Council	MIS analysis central to the strategic decision making of the Council

Ethical Purchasing

	1 Failing	2 Poor	3 Inadequate	4 Satisfactory	5 Above average	6 Good	7 Excellent
Strategy & policy	The organisation does not have a procurement strategy and policy framework that considers ethical purchasing issues	The organisation gives little or no consideration to ethical procurement in its strategy and policy framework	The organisation gives some consideration to ethical concerns in its procurement strategy and policy framework	Ethical purchasing considerations are incorporated within the overall strategy and policy framework for procurement	Ethical considerations are fully intergated within the overall strategy and policy framework for procurement and are fully reflected in supporting working practices and processes	As 5 and the strategy includes specific actions to develop continuous market research and understanding	As 6 and the Council is seen as best practice authority
Organisational skills knowledge & competencies	Lack of skills, knowledge and experience of ethical purchasing issues across the organisation	Low level general skills & knowledge across the organisation	General skills & knowledge base across the Council with some local adhoc expertise	Thorough general skills and knowledge across the organisation	Developed general skills, knowledge and localised specialisms according to service evident across the organisation	Developed general skills, knowledge and expertise across the organisation supported and maintained by robust corporate procurement training plan	Well developed general skills, knowledge and expertise across the organisation underpinned by corporate procurement training plan and seen as a best practice Council
Compliance	No evidence of compliance with all legal and best practice requirements	Most legal requirements met but adhoc evidence of compliance with best practice requirements	All legal requirements observed but no coherent approach to promoting compliance with best practice requirements across the organisation	Coherent approach to promoting universal compliance with all legal requirements and evidence of some local good practice	Coherent approach to promoting universal compliance with all legal and best practice requirements and evidence of much local good practice for specific schemes	As 5. Best practice evident in all Council procurements and outreach work to promote ethical trading principles across the business community as necessary	As 6. Seen as best practice exemplar authority
Process & Innovation	The organisation does not take account of ethical considerations within its standard procurement processes and documentation including T&C's	Little evidence that the organisation takes account of ethical issues within its standard procurement processes and documentation including T&C's	Evidence that the organisation takes some account of ethical issues within its standard procurement processes and documentation including T&C's	Evidence that the organisation clearly takes account of ethical issues within its standard procurement processes and documentation including T&C's	Well developed approach to ethical procurement within the organisations standard processes and documentation including T&C's to deliver desired contract outcomes	Well developed approach to ethical procurement within the organisations standard processes and documentation including T&C's to deliver desired contract outcomes and support the delivery of overall Council objectives	Innovative and imaginative approach to ethical procurement in partnership with the business community to deliver community benefits. Seen as a best practice Council
Stimulating the market place	No attempts to develop the market place for ethical supplies & services	Some adhoc analysis of the market place to support discrete procurement exercises and promote ethical considerations in the p2p cycle	Awareness of requirements but no capacity to support unified approach in practice	Awareness of requirements but little capacity to support unified and planned approach in practice	Some planned effort to use Council and partnering purchasing power to stimulate the market place for key categories of supplies & services within resourcing constraints	Coherent programme to develop market place for key categories of supplies & services	Analysis based market place development core to procurement and approach fully aligned with the strategic management of the Council
Whole life costing/value	No use of whole life costing/value	Little use of whole life costing/value	Some use & awareness of WLC but no coherent policy or approach	Acceptance & use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm	Use of whole life costing/value as norm

Reporting & monitoring arrangements

- 39 The Executive Member for Corporate Services is responsible for recommending this strategy to the Executive for approval by Full Council. As such, the strategy forms part of the Council's Policy Framework as set out in the Constitution and hence an important part of the organisation's overall strategic management and decision making arrangements. As such it is important that progress on the implementation of the strategy and the actions set out in the Medium Term Action Plan attached as Appendix A to this document are clearly set out and rigorously maintained. The following reporting and monitoring arrangements will apply:
- a) mid-year monitoring reports will be taken to the Corporate Management Team and the Corporate Services Executive Member Advisory Panel to provide regular updates for senior management and members on progress and any areas of delay or concern in the deployment of the overall strategy;
 - b) an annual review and re-refresh of the strategy will be reported to Corporate Management Team and the Corporate Services Executive Member Advisory Panel along with a year end outturn report to ensure the strategy remains fit for purpose over the next 3 years and is properly focused on the needs of the organisation. A full revision of the strategy will take place in autumn 2009 in preparation for a change to one-site operations from 2010 onwards after the move to Hungate;
 - c) the strategy and action plan will be circulated to all chief officers and service managers who will be expected to reflect and/or include any relevant matters or actions arising in their areas of responsibility within departmental service plans;
 - d) non-compliance or major service failure will be reported to the Audit & Governance Committee for remedial action in accordance with the provisions of the Constitution, Financial Regulations & Procurement Rules.

VFM, competition & efficiency

	Action	Responsibility	Due Date	Success measure
1	Complete the work needed to maintain a comprehensive automated register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact for purposes of new SCMS system	CPT	By 30/9/07	SCMS is fully implemented, populated and maintained to ensure all MI information is complete, accurate and up to date
2	Identify how the 'thin client' function will be organised and resourced in the relevant Directorates, the respective role and responsibilities of 'thin clients' and the 'quality assured provider' (QAP) in managing service delivery and monitoring performance and all related member reporting arrangements.	Director of Resources & AD ARM	Before 30/9/07	A 'thin client' report is due for Member approval during the Summer of 2007
3	Develop a competition strategy that sets out the vision of where the Council wishes to place itself in the future with regards to 'make or buy' and a handbook that sets out how to review, test and document the competitiveness of the Council services when determining 'make or buy' decisions. (10)	Director of Resources & AD ARM	Before 30/9/07	Strategy and handbook completed and fully embedded into organisation
4	CPS to be reviewed and updated as necessary in light of the on-going development of a Competition Strategy and Policy for the organisation and associated thin-client management arrangements	AD ARM	Before 31/3/08	Fully integrated strategy and policy framework for procurement
5	Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation

VFM, competition & efficiency (continued)

	Action	Responsibility	Due Date	Success measure
6	SCMS fully implemented and used to analyse complete range of goods, works and services procured across the authority to identify further opportunities to maximise economies of scale through aggregation and the targeted use of framework contracts and/or corporate contracts	CPT	Before 31/3/08	Full review of all procurement activity, contracts history and live contracts undertaken using SCMS
7	Programme of aggregation and the further targeted use of framework contracts and/or corporate contracts developed for phased implementation up to 2010/2011	CPT	By 31/3/08	Comprehensive programme developed based on SCMS analysis and ready for implementation from 1/4/08
8	All major procurement exercises to be managed in accordance with project management standards of the organisation and individual risk registers documented	Commissioning officers with CPT support	By 31/3/08	Successful project management and delivery of agreed contract outcomes
9	Undertake a comprehensive review of the number of suppliers regularly used across the Council with a view to rationalising select lists and reducing proliferation	CPT	By 31/3/08	Number of suppliers reduced by a minimum of 5% per annum over the next 3 years
10	Develop the use of automation and IT solutions following the implementation of SCMS and the new ledger system to streamline administrative procedures and maintain complete and accurate contract data, records and volume and spend analyses	CPT	On-going from 1/4/07 to 31/3/10	Best use made of available technologies
11	Undertake a full review of the use and take up of partnership and collaborative working arrangements including YPO as a means of streamlining supplier numbers, achieving greater economies and scale, enforcing standards and benchmarking alternative costs of supply and changes to existing contract arrangements	CPT	By 31/3/08	Total contract spend through the YPO or other major partnership procurement initiatives to be increased by a minimum of 5% per annum over the next five years from 2008/09 onwards

VFM, competition & efficiency (continued)

Action	Responsibility	Due Date	Success measure
12 Implement effective control mechanisms as part of the implementation of the new ledger system to control the addition of new creditors within the ledger system and prevent purchasers placing multiple small orders for supplies or making orders outside contracts or standardised product ranges	CPT & FMS Project Team	By 31/3/09	Effective system of internal control implemented
13 Establish the use of e-catalogues within the new ledger system to channel all spend on high volume/low cost items and generic goods and services	CPT	By 31/3/09	<i>E</i> -catalogues used for generic spend wherever possible. Orders placed through e-catalogues across the organisation to increase by a minimum of 25% on base over the next 3 years.
14 Undertake initial pilot to trial the use of purchase cards following the implementation of the new ledger system in 2008/09	CPT	By 30/6/2009	Initial pilot undertaken and reported

Performance management

	Action	Responsibility	Due Date	Success measure
15	Establish robust suite of performance measures for the procurement function based on an agreed basket of measure reflecting both national and local standards and targeted improvements	AD ARM	By 1/9/07	PI suite developed and agreed
16	Establish reporting and monitoring arrangements consistent with the requirements of the new strategy	AD ARM	Before 1/12/07	Monitoring and reporting routines established and embedded
17	Undertake regional and national benchmarking exercises based on agreed basket of measures to inform development and improvement work	CPT	From 1/4/08	Regular benchmarking exercises undertaken and results used to inform on-going development work and future years work programmes
18	Establish new MIS infrastructure based on SCMS & new ledger system to facilitate the development of a robust performance monitoring and management framework for procurement.	CPT	Fully operational by 31/3/09	New technologies infrastructure implemented
19	Identify data requirements for performance management purposes and ensure that new MIS infrastructure fully utilised to collect and report all required information	CPT	31/3/09	Data capture and quality assurance routines established and embedded
20	Meaningful MIS used to routinely analyse spend, drive improvement and/or innovation within the Council	CPT	From 1/4/09	Regular programme of spend analysis undertaken on a quarterly basis
21	Meaningful MIS used to help analyse spend, drive improvement and/or innovation across the market place for key categories of goods and services	CPT	By 31/3/10	Market analysis information available to support major procurement initiatives

Sustainability

	Action	Responsibility	Due Date	Success measure
22	Review all standard procurement documentation and processes to ensure full consideration of sustainability considerations is built into standard contracting arrangements and evaluation procedures	CPT	1/9/07	All standard documentation compliant with best practice
23	Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation
24	Policy fully realised and implemented across the organisation within the context of an overall sustainability and environmental policy for the Council	CMT	By 31/3/08	Comprehensive policy framework for sustainability that includes sustainable procurement
25	Complete the work needed to maintain a comprehensive automated register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact that includes designation of compliance with sustainability considerations for MIS and reporting purposes	CPT	From 1/4/08	SCMS is fully implemented, populated and maintained to ensure all MI information is complete, accurate and up to date and allows meaningful information to be obtained about sustainable procurement developments and contract progress across the organisation

Partnership & collaboration

Action	Responsible Officer	Due Date	Success measure
26 Review regulatory framework to help facilitate innovative partnering procurement and collaboration and issue further detailed guidance as required	AD ARM	By 1/9/07	Regulations reviewed and updated for current best practice. Additional practitioner guidance issued further to the Regulations as required.
27 Continue to develop collaborative events such as 'meet the buyer' to develop avenues of communication and opportunity for existing and potential suppliers and contractors on a regular basis	CPT	On-going	Full programme of events included in CPT work plan on an annual basis
28 Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation
29 Develop in-house skills and competencies to support the delivery of Council objectives for partnering and collaboration ion the future	CPT	By 31/3/08	Comprehensive corporate training programme devised and being delivered to key staff groups from 08/09 onwards

Standards & governance

	Action	Responsible Officer	Due Date	Success measure
30	Review regulatory framework to ensure it meets the needs of the new strategy and issue further detailed guidance as required	AD ARM	By 1/9/07	Regulations reviewed and updated for current best practice. Additional practitioner guidance issued further to the Regulations as required.
31	Review all standard core procurement documentation in light of the introduction of SCMS and ensure consistent use across the organisation	CPT	By 1/9/07	All documentation reviewed and standardised available both on SCMS and the procurement intranet site for use by all staff
32	Review the procurement site on the Council Intranet ensuring all standard documentation, guidance, Codes of practice, key contacts and advice on 'most commonly asked questions' are up to date	CPT	By 1/9/07	Intranet site fully reviewed update and accurately maintained and complies with best practice
33	Complete the work needed to maintain a comprehensive automated register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact	CPT	By 30/9/07	SCMS is fully implemented, populated and maintained to ensure all MI information is complete, accurate and up to date
34	Utilise the SCMS maintain a record of officers involved in procurement on behalf of the Council and include principal contact details for all contracts including major service agreements for internal works previously specified under CCT in the central Contracts Register	CPT	Before 31/3/08	SCMS system maintains a full register of responsible officers and contract details.
35	Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation

Staffing & Organisation

	Action	Responsible Officer	Due Date	Success measure
36	Identify all existing knowledge and skills gaps amongst officers currently involved in procurement work and provide training and development support to ensure all relevant staff meet the minimum standards necessary to support the Council's needs	CPT	By 31/3/08	Staff training needs identified and training programme prepared and delivered
37	Undertake a full review of CPT skills and expertise following re-structure of the service in December 2006 to ensure it meets the service needs of the Council and commissioning departments	AD ARM	By 1/9/07	Skills analysis complete and any necessary training and development action agreed with team members through the Council's appraisal and PDP processes
38	Undertake a full organisational management review of procurement activities and functions across the Council and report to Members	AD ARM	By 31/12/07	Review completed and reported to Members for consideration and further action
39	SCMS used as a vehicle for delivering and sharing good practice, supporting local practices and the work of departmental commissioning officers and effecting light touch compliance across the Council for good governance purposes	CPT	By 31/3/08	SCMS fully populated embedded and seen as both a compliance tool and source of good practice
40	Design and deliver an on-going programme of annual training events including induction workshops for all existing and new staff involved in procurement (31)	CPT	By 31/3/08	Comprehensive corporate training programme designed and ready to be rolled out from 1/4/08
41	Design a programme of procurement 'master classes' covering a variety of procurement related topics to be presented by guest speakers and external experts in the relevant field. This will be used to engage both internal and external stakeholders including Members, CLG and Chamber of Commerce	CPT	By 31/3/09	Programme designed, publicised and delivered on an annual basis

Equalities & inclusion

	Action	Responsible Officer	Due Date	Success measure
42	Review regulatory framework to help facilitate and encourage SME and local suppliers access and participation.	AD ARM	By 1/9/07	Regulations reviewed and updated for current best practice. Additional practitioner guidance issued further to the Regulations as required.
43	Review all standard procurement documentation and processes to ensure full consideration of sustainability considerations is built into standard contracting arrangements and evaluation procedures	CPT	By 1/9/07	All standard documentation compliant with best practice
44	Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation
45	Equalities & inclusion policy fully realised and implemented across the organisation within the context of the Council's overall Equalities Strategy	CMT	By 31/3/08	Comprehensive policy framework for sustainability that includes sustainable procurement
46	Complete the work needed to maintain a comprehensive automated register of all contracts that includes designation of compliance with equalities requirements for reporting purposes	CPT	From 1/4/08	SCMS is fully implemented, populated and maintained to ensure all MI information is complete, accurate and up to date and allows meaningful information to be obtained about sustainable procurement developments and contract progress across the organisation
47	Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation

Equalities & inclusion (continued)

48	Develop in-house skills and competencies to support the delivery of Council objectives covering all equalities and inclusion issues	CPT	By 31/3/08	Comprehensive corporate training programme devised and being delivered to key staff groups from 08/09 onwards
49	Equality and inclusion issues are broadly publicised both within the organisation and with the supplier community and included as part of regular awareness raising opportunities such as 'meet the buyer' events	CPT	By 31/3/08	Regular programme of awareness events established that includes coverage of equalities and inclusion issues
50	Utilise the SCMS to monitor equality and inclusion for MIS purposes including supplier and locality profiling	CPT	From 1/4/08	SCMS delivering necessary data and MIS requirements in relation to equality and inclusion

New technologies

	Action	Responsible Officer	Due Date	Success measure
51	E-procurement strategy fully developed for implementation across the organisation within the context of the overall CPS	AD ARM	By 31/3/08	Comprehensive policy and strategy framework for procurement
52	Utilise new technologies to promote and embed the use of e-procurement solutions across the organisation	CPT	By 31/3/08	e-procurement solutions implemented and used to shape future policy and strategy
53	Utilise the SCMS and new FMS to encourage suppliers to be e-compliant for example by paying by BACS, accepting purchase cards, providing access via internet sites. Wherever appropriate the requirement to transact electronically will be included in contract terms and conditions	CPT	On-going	e-procurement solutions including purchase cards piloted during 2009/10 following the implementation of the new FMS system
54	Establish new MIS infrastructure based on SCMS & new ledger system to facilitate the development of a robust performance monitoring and management framework for procurement.	CPT	Fully operational by 31/3/09	New technologies infrastructure implemented
55	Utilise the SCMS and new FMS to provide management information on the proportion of procurement transactions currently undertaken and set annual targets for shifting to e-procurement solutions by 2010	CPT	By 31/3/09	Targets set and reported post FMS implementation in 08/09
56	Establish the use of e-catalogues within the new ledger system to channel all spend on high volume/low cost items and generic goods and services	CPT	By 31/3/09	E-catalogues used for generic spend wherever possible. Orders placed through e-catalogues to increase by a minimum of 25% on base over the next 3 years.
57	Undertake initial pilot to trial the use of purchase cards following the implementation of the new ledger system in 2008/09	CPT	By 30/6/2009	Initial pilot undertaken and reported

Ethical purchasing

	Action	Responsible Officer	Due Date	Success measure
58	Review all standard procurement documentation and processes to ensure full consideration of ethical considerations is built into standard contracting arrangements and evaluation procedures	CPT	1/9/07	All standard documentation compliant with best practice
59	Establish standard evaluation models and corporate methodology for whole life costing and valuation include all cost and quality considerations where whole life costing issues are known to be essential to assessing the way in which the Council wishes to deliver services within the community	CPT	Before 31/3/08	Standard evaluation models and corporate methodology in place to include whole life costing where appropriate documented in the procurement guidance manual and embedded across the organisation
60	Policy fully realised and implemented across the organisation within the context of an overall ethical conduct and standards policy for the Council as a whole	CMT	By 31/3/08	Comprehensive policy framework for sustainability that includes sustainable procurement
61	Develop in-house skills and competencies to support the delivery of Council objectives covering all ethical trading and purchasing issues	CPT	By 31/3/08	Comprehensive corporate training programme devised and being delivered to key staff groups from 08/09 onwards
62	Ethical purchasing issues are broadly publicised both within the organisation and with the supplier community and included as part of regular awareness raising opportunities such as 'meet the buyer' events	CPT	By 31/3/08	Regular programme of awareness events established that includes coverage of equalities and inclusion issues
63	Utilise the SCMS to monitor equality and inclusion for MIS purposes including supplier and locality profiling	CPT	From 1/4/08	SCMS delivering necessary data and MIS requirements in relation to equality and inclusion
64	Ensure the staff training programme for procurement includes coverage of all ethical trading issues covered in the corporate procurement strategy	CPT	By 31/3/08	Comprehensive corporate training programme devised and being delivered to key staff groups from 08/09 onwards

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Annex B

Key contacts & management arrangements

The Corporate Procurement Team

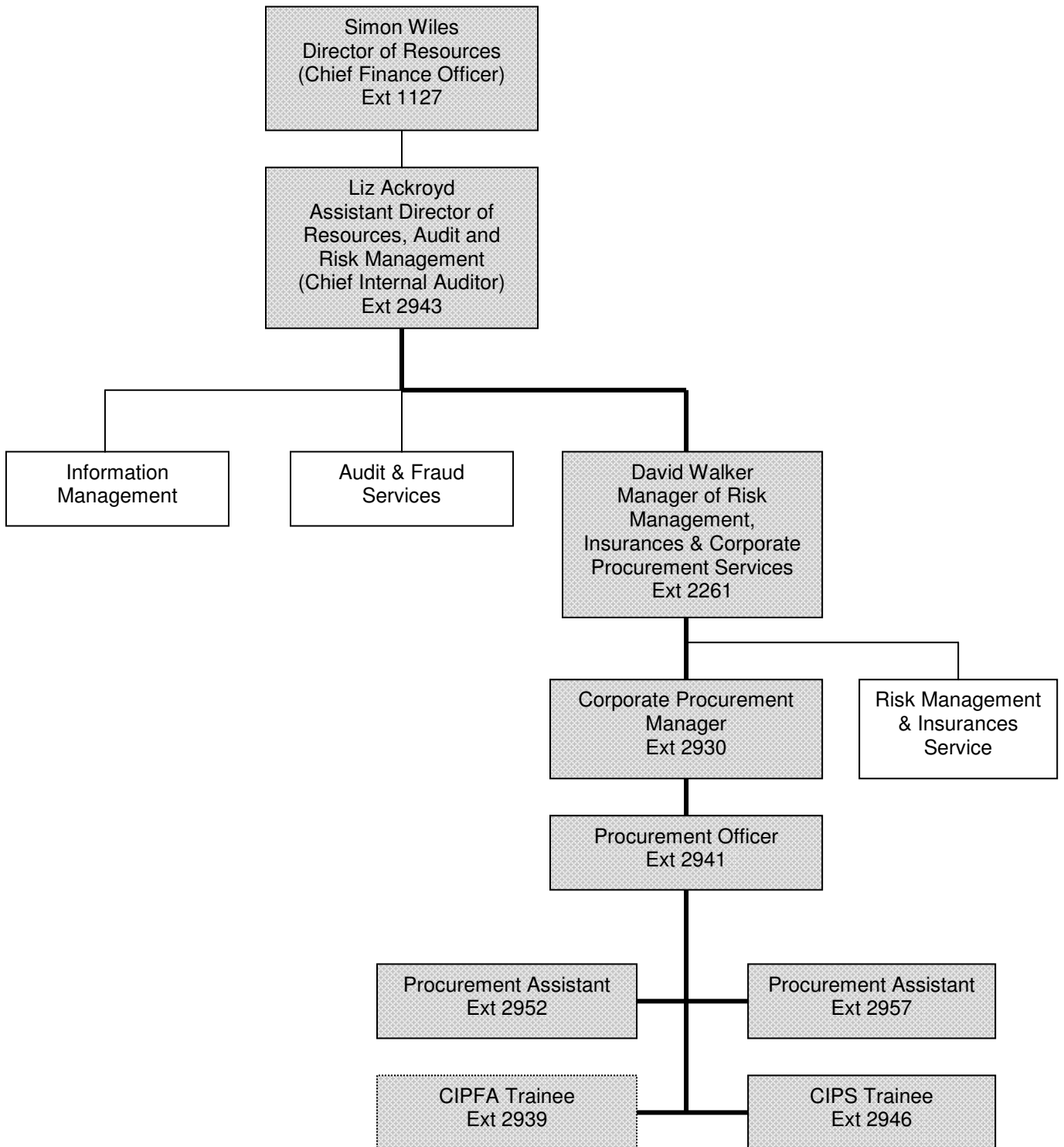
Contact	Tel ext
David Walker Manager of Risk, Insurances and Procurement Services	2261
Catherine Cowling Corporate Procurement Manager	2930
Sam Willetts Procurement Officer	2941
CIPFA Trainee	2939
Procurement Trainee	2946
Procurement Assistant	2957
Procurement Assistant	2952

'Proper' Officer contacts (Article 13 of the Constitution)

Contact	Tel ext.
Simon Wiles Director of Resources (Chief Finance Officer)	1100
Liz Ackroyd Assistant Director of Resources: Audit and Risk Management (Chief Internal Auditor)	2943
Suzan Hemingway Head of Civic, Democratic and Legal Services (Monitoring Officer)	1004

Organisation chart

Corporate Procurement Services



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Annex C

Procurement Rules

(Not attached for discussion draft purposes but to be included as an Appendix to the final strategy document as per Part 4 of the Constitution, Annex 2 to the Financial regulations)

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Annex B
Statement of commitment

Sustainable procurement

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SUSTAINABLE PROCUREMENT

Exemplar text that could be included by way of introductory comment to the CPS

This council recognises the role it has to play in tackling Climate Change and is committing itself to sustainable procurement. Sustainable procurement is not only a question of improving efficiency, it is also about using market power to bring environmental and social benefits both locally and globally.

Climate Change affects all areas of the council's activities. We need to consider how we use natural resources, and how our procurement activities affect biodiversity and poverty. Every product or service has an environmental impact throughout its life-cycle – from the extraction of raw materials and manufacturing, through to a product's use and disposal. Smart procurement decisions can make a huge difference, with the benefits being felt both locally and globally.

The public sector has a hugely significant role because its purchasing power can drive the market towards more sustainable goods and services. Our purchasing actions also have social implications – improving working conditions, supporting Fair Trade, working against Child Labour, providing employment opportunities for marginalised groups.

It is recognised that certain key areas of local authority activity provide clear opportunities for improving efficiency, reducing environmental impacts and saving money. These include: Energy, Cleaning Services, Catering, IT, and Construction. We are committing ourselves to transforming our procurement procedures in these areas, among others.

Smart procurement also means efficient procurement. We can no longer simply consider initial purchase price when buying products and services, ignoring energy and water costs, maintenance expenditure and disposal costs. We will now move to a 'whole-life' approach to procurement.

We recognise and embrace the leadership role the local authority has in moving our city towards a more sustainable way of life. Much work has already been done in Corporate Services over the past three years to put in place the mechanisms that will enable us to properly monitor our procurements and, thereby, set targets and manage the change to a more sustainable procurement process. This corporate procurement strategy provides another stepping stone towards the council becoming an exemplar of sustainable procurement.

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Executive

26 June 2007

Report of Director of City Strategy

Waste PFI – Update on approach to Procurement and Sites & Planning**Summary**

1. The purpose of this report is to seek approval of the evaluation criteria to be used in the procurement of future long term waste treatment services subject to approval of the business case by DEFRA.
2. To update Members on the proposed approach to sites and planning.

Background

3. The Executive approved submission of an Outline Business Case (OBC) to DEFRA for joint procurement of future waste services with North Yorkshire County Council on 12 September 2006.
4. The Executive have subsequently considered updated financial models and timescales for the proposed treatment contract, and confirmed the revised affordability for the proposed project on 27 March 2007.
5. Traditionally, acquisition of sites and applications for planning consents for major waste management infrastructure were activities carried out by contractors after award of the contract. However, a number of high profile projects across the country have failed at a late stage due to the inability of contractors to secure sites and planning consents. Consequently, sites and planning are now seen as principal risks of waste projects such that there is now a requirement within PFI supported projects for the Local Authority to secure options on sites and work with preferred bidders to progress planning consents before awarding contracts.
6. This approach ensures projects are deliverable and, by working with contractors to secure consent, helps to improve competition and therefore reduce the eventual cost of the service.
7. The proposal for York and North Yorkshire is to secure sites that enable delivery of the reference project detailed in the OBC; namely
 - Two residual waste treatment plants

One Energy from Waste (EFW)
One Mechanical Biological treatment (MBT)

These are anticipated to be located in the NYCC geographical area. NYCC are also progressing the securing of sites for front-end services. The infrastructure required to support Waste Management and the PFI contract in the City of York is subject to a further report on the Waste Strategy that is scheduled for later in 2007. It should be noted that securing of sites for an EFW and MBT does not mean that this will be the solution agreed with a contractor. The procurement will determine the solution.

Sites and Planning

8. NYCC are progressing work on sites and planning for the project.
9. The strategy being adopted for mitigating the risk associated with planning is to adopt a twin track approach based on work with preferred bidders to secure detailed planning consents for selected sites combined with establishing, in principle, the suitability of a range of other sites through the NYCC Minerals and Waste Development Framework (MWDF). This maximises deliverability of the project within the context of an emerging and robust planning policy base.
10. DEFRA have required the County Council to complete a comprehensive planning health check tool in order to assess the strength of the Council's strategy for mitigating planning risk. Early indications are that the approach detailed in this report goes some way to meet DEFRA's needs, although at the time of writing, discussions are continuing. It is expected that this issue will be clarified further with DEFRA within the next 2-3 weeks.
11. The NYCC Minerals and Waste Development Framework (MWDF) process is running in parallel with the procurement of a long term waste management service, and will help to mitigate some of the risk of planning by objectively testing the suitability of sites against transparent criteria. The final site allocations document (Development Plan Document) to be included in the MWDF will establish the principle of the suitability of specific sites for a range of waste management uses. However, successful allocation of a site in the DPD does not guarantee access to sites or an eventual planning approval.
12. A comprehensive site search and planning risk assessment was carried out in 2006 and discussions have been held with landowners to understand the potential availability of those sites considered most suitable for waste management purposes. Available sites have been subject to further technical, legal and planning risk assessments.
13. Whilst securing sites and planning consents effectively mitigates planning risk, it does not guarantee the development of any site. Bidders will also have the ability to identify alternative sites within their bids, which may provide more attractive and cost effective options (and may include the use of differing technologies).

14. NYCC has not currently identified sites for proposed residual waste treatment as discussions with landowners are necessarily complex and have yet to be concluded. Details of preferred sites for residual waste treatment and the proposed approach to planning will be brought back to the Executive in due course.

Communications

15. It is important to effectively manage internal and external communications around the future waste service to ensure Members, stakeholders and the public receive balanced and fair information about the proposals, with appropriate opportunity to influence through timely and effective consultation.

Formal consultation is a key element of the planning process.

A communications strategy will be developed that addresses the following key work areas:

- Pre-Application Engagement: preparation and implementation of a proactive programme of stakeholder engagement to support the major planning applications
 - Development of a programme of community and Member engagement and press and media management whilst the planning application is being discussed;
 - A communications programme to maintain a positive relationship with stakeholders and local press and media through construction and commissioning of new facilities.
16. The critical nature of this work requires some external support from specialist consultants experienced in delivery of planning consents for waste treatment facilities. However, exclusive use of consultants for all elements of this work would not provide good value for money. It is proposed to secure specialist dedicated internal resources within NYCC to deliver the communications programme with appropriate support from the CYC and NYCC Marketing and Communications teams and consultants as necessary. Suitable consultants will be used to help develop the communications strategy whilst specialist staff resources are recruited. Further use of consultants will be kept to a minimum necessary to deliver the programme. CYC will contribute to the costs of this part of the programme.

Procurement and Tender Evaluation Criteria

17. Subject to the project receiving Ministerial support from DEFRA, the OBC for residual waste treatment is scheduled to be considered by Treasury Project Review Group (PRG) in July 2007. DEFRA's advisors are currently scrutinising the OBC and assessing it against PFI standard criteria and the planning health check referred to above. At the time of drafting there have been no significant issues raised other than the approach to planning for residual waste treatment plant referred to above.

18. It is intended to start procurement in accordance with EU rules subject to approval from PRG. This will entail publication of a notice in the European Journal providing details of the project and inviting expressions of interest. The notice must include the criteria and methodology to be used to evaluate tenders. Whilst it is not yet necessary to define the detailed criteria or weightings, it is important that the methodology and broad principles by which bids will be evaluated are set out prior to publishing the OJEU notice. This methodology will ensure the most economically advantageous tender (MEAT) is accepted.
19. It is proposed that bids be evaluated in three areas with the following weightings applied;
- Financial (including cost and commercial issues); 40%
 - Technical (including deliverability, environmental and social): 60%
 - Legal (to include contractual issues): Pass/Fail
20. These are consistent with industry standard weightings and have been agreed with North Yorkshire County Council, and by their Executive on 22 May 2007.

Annex 1 illustrates proposed criteria headings within each area.

21. Subject to Executive approval of the above weightings and criteria headings, it is proposed that a further report be brought to the Executive setting out the evaluation process and resources to be used in delivering the project.

Consultation

22. As this report is an update on the process and financial information relating to the project no consultation has been undertaken on these aspects.

Options

23. The options available to the Executive are:
- i. to approve the recommendations arising from this report, thus enabling the project to move into the procurement phase.
 - ii. reject the proposed recommendations, this would mean CYC would need to re-negotiate the criteria delaying the issue of the PIN notice at a potential cost in LATS penalties of £940k per month to the partnership.

Corporate Priorities

24. This project is critical in delivering Improvement Statement 1, to decrease the tonnage of biodegradable waste and recyclable products going to landfill, enabling the diversion of waste from landfill to treatment facilities.

25. The costs identified also consider the most efficient way to achieve this diversion, thus significantly contributing to Improvement Statement 13, improving efficiency and reducing waste to free-up more resources.

Financial Implications

26. The emphasis upon securing sites and planning consents has meant that work has therefore taken place earlier than envisaged and capital funds are required in order to secure sites. This change took place after approval of the 07/08 capital programme. It is proposed to fund the 07/08 costs from the waste procurement budget, and to submit a capital bid for funding by Prudential borrowing for 08/09.

	2007/08 £000	2008/09 £000
<u>Capital Costs</u> - to be funded by Prudential borrowing.		
Revised Waste Treatment – Sites & Planning	498	6,875
LESS: NYCC	(373)	(5,156)
	125	1,719
<u>Revenue Costs – CYC*</u>	14	155

*Over 27 years

27. Following approval to proceed, the costs of the infrastructure will need to be reflected in the Capital Plan in order that the Prudential Indicators and Treasury Management arrangements reflect the capital expenditure included in this report.
28. It is anticipated that North Yorkshire County Council will make a contribution of 75% towards the costs of any shared infrastructure (i.e. sites and planning costs for residual waste treatment via the PFI project) and that both authorities will register an interest in the sites through the PFI contract.

Implications

29. There are no additional HR, Equalities, Legal, Crime & Disorder, IT, Property or other implications compared to the report approved in March 2007.

Risk Management

30. The Waste procurement is identified as a high risk for the Council, largely because of the high level of government penalties should the Councils fail to

divert sufficient waste from landfill and thus potential financial risk to the Council. This report does not change the approach to risk on the procurement project, and as identified in the report to the Executive on 12 September 2006 and 27 March 2007. This report specifically highlights the risks associated with sites and planning and the potential risk of purchasing options on sites that are then not progressed.

Conclusion

31. The Procurement Project for long term Waste Management Services has now moved from the planning stage into delivery. There is therefore a need for the Councils to confirm new intentions and begin to identify sites for potential development, and work towards planning applications that will demonstrate the deliverability of the project. An essential part of this next stage is effective communication with stakeholders and the public.
32. Subject to approval of the business case by Treasury Project Review Group (PRG), the final procurement of the long-term service will start with publication of a notice in the European Journal. This requires the Councils to have identified the broad criteria by which it will assess bids. The criteria proposed in the report reflects industry standards and is in line with financial regulations and will ensure the successful bid is technically sound, environmentally responsible and cost effective.

Recommendations

33. That the Director of City Strategy is authorised to: -
 - Commence formal procurement of residual waste treatment facilities, in line with the Private Finance Initiative (PFI), following successful approval of the Outline Business Case by the Treasury Project Review Group;
 - Utilise the proposed evaluation methodology (most economically advantageous tender) identified in this report
 - Develop and implement evaluation criteria subject to a further report setting out the evaluation process and resource input required.
34. That the Director of City Strategy brings a further update report to the Executive identifying sites suitable for residual waste treatment facilities.

Reason: to progress the Waste PFI project into the procurement phase.

Contact Details

Author:

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Assistant Director
Resources & Business Mgt
City Strategy
Tel No. 551505

Chief Officer Responsible for the report:

Bill Woolley
Director of City Strategy

**Report
Approved**



Date 14/6/07

Specialist Implications Officer(s)

There are no specialist implications

Wards Affected

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex A – Indicative Evaluation Criteria – Waste PFI

Indicative Evaluation Criteria - WASTE PFI

Financial	40%
<ul style="list-style-type: none"> Affordability / economic cost Financial robustness of the bid Deliverability of the funding package 	
Technical, sustainability and added value	60%
<ul style="list-style-type: none"> Proposals and targets <ul style="list-style-type: none"> Landfill directive performance Flexibility, performance record and risks of proposed technology and facilities Waste minimisation, recycling and marketing of recyclates Planning and regulatory issues <ul style="list-style-type: none"> Planning risks and proposals Necessary consents Environmental Impacts <ul style="list-style-type: none"> Depletion of natural resources Air acidification Green house gas emissions and carbon footprint Health impacts Land take Extent of water pollution Traffic impacts and total road miles Local amenity impacts Ecological footprint Project and service management <ul style="list-style-type: none"> Overall capacity and resources / bidding arrangements and support Management of the contract and delivery of the proposed facilities and services Service quality and enhanced performance <ul style="list-style-type: none"> Service quality Enhanced service and added value Flexibility to deal with change Reliance on external factors Partnership working and community sector integration <ul style="list-style-type: none"> Partnership working with the partnership Community relations and involvement of the community sector Environmental and Quality Performance <ul style="list-style-type: none"> Environmental policies and management systems Quality Accreditation Staff development and internal business process <ul style="list-style-type: none"> HR / Personnel Policy and Practice Health and Safety policies Equality policies Investment in staff training, development and welfare TUPE considerations 	

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Meeting of the Executive

26th June 2007

Report of the Corporate Landlord

Notice of Motion to the Executive concerning re-provision of a pool on the Kent Street site.

Purpose of Report

1. To provide officer advice to the Executive regarding a motion that has been submitted to the Executive for consideration and referral on to Full Council.

Motion

2. Council instructs Council officers as a matter of urgency to seek to retain the option of a pool on the Kent Street site. To enable the re-provision of a pool on the site this Council asks
 - a) That officers take no active steps to promote the sale of the site, save as might be required by law;
 - b) That officers enter into negotiations to withdraw from the agreed sale.
 - c) The £2m funding currently earmarked for a University Pool to be retained by the Council for pump priming a pool development at the Kent Street site or other appropriate city centre location.
 - d) Officers provide a report which examines alternative design solutions for a replacement pool including examining:
 - i) whether an agreement can be reached with the car park owner for car parking facilities to provide the customer parking off the coach park site, or
 - ii) the possible release of the end bay of the car park, and
 - iii) the redesigning of the previously proposed pool etc to provide front servicing to remove the need for the access road to the back.

Proposer: Councillor David Scott
Seconder: Councillor Ruth Potter

3. Under Standing Order 11 (a) (i) Members may put a notice of motion direct to the Executive provided it is submitted no later than five clear working days prior to publication of the agenda for that meeting to enable the preparation of a suitable officer report from the relevant

directorates on the associated issues. The Executive is then asked to consider both the motion and the officer report and make recommendations accordingly to Council – in this case to the June meeting.

Information and Background

4. Following an initial market testing exercise in August 2001 the council received bids from five short listed developers responding to a number of objectives including the construction of a pool of sufficient size to accommodate all the existing user groups.
5. In November 2002, Barbican Venture (York) Ltd were chosen as the preferred developer and their bid comprised a £3m capital receipt and a Competition Standard Pool to be owned by the council.
6. In May 2003, a new administration decided a consultation exercise should take place on the choice of providing either a Competition Standard Pool or a Community Pool. As the Community Pool was smaller it provided the opportunity of increasing the development area of the site and therefore an increased capital receipt, which could be made available for refurbishing the Edmund Wilson and Yearsley pools. The consultation came out in favour of the Community Pool and the Executive agreed to proceed with the option of Barbican Venture building a Community Pool on the Barbican site.
7. Legal advice was received, that as the council wished to have ownership of the pool, this fell within the definition of “works procurement regulations” of the EC public procurement regime, this had the effect that Barbican Venture were no longer to be responsible for constructing the pool.
8. Following an extensive archaeological survey, Barbican Venture submitted a revised development scheme which included an increase in the number of apartments and a 4 star hotel with undercroft car parking. The scheme also relocated the swimming pool to the Kent Street Coach Park. This gave an increased capital receipt that could be spent on the two other pools and a better scheme overall in planning terms. In December 2003 the Executive chose this latest scheme. Barbican Venture and the Council submitted joint applications for the redevelopment of the Barbican site and the Council submitted an outline application for the new pool site and planning permission was granted in April 2004.
9. A protracted delay throughout 2004/5 caused by legal action brought by the “Save our Barbican” group led directly to Barbican Venture’s nominated house builder withdrawing and Barbican Venture being unable to proceed with the sale. A subsequent downturn in the apartments market in York, together with a substantial increase in building costs, made it impossible for Barbican Venture to pay a similar price for the land. The Executive accepted a lower offer from Barbican Venture for the Barbican land and acknowledged there was not sufficient resources to meet all of the original leisure requirements.

10. In February 2006, Executive therefore decided that the smaller receipt should be used to fund a revised Leisure Facilities Strategy, that subject to further feasibility work, would include:
- a) the refurbishment or replacement of the Edmund Wilson Pool
 - b) the retention of the Yearsley Pool, with a planned regime of repair and maintenance works, and
 - c) a partnership with the University, including a capital contribution from the Council, to bring forward a publicly accessible Competition Standard Pool planned by the University for their new campus
11. In September 2006 the Planning Committee amended the planning permission that obligated BVYL and the Council to re-provide a new pool at Kent Street and other sporting facilities at the Barbican site and in its place obligated the council to spend the Barbican capital receipt on the facilities as stated in the Leisure Facilities Strategy outlined in paragraph 10 above.

Facts and Figures

12. The strategy set out in February 2006 established the following financial framework.

Funding	£,000s
Barbican site receipt	6,385
Legal Fees	12
Kent Street site receipt	1,000
Auditorium receipt	765
Barbican claims provision	148
less Leisure section 106 contribution	-170
Total available funding	8,140
Budget Breakdown	£,000s
Pre-2006/7 spend	249
Oaklands Pool	4,000
University Pool Contribution	2,000
Yearsley original allocation	500
Procurement costs	330
Legal Fees	47
Community Building	200
Total	7,326

Contingency	814
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13. The £814k contingency has now been allocated to two components:
 - a) The additional costs of the remedial works at Yearsley Pool as approved by Executive 12th June 2007
 - b) The cost of demolition of the Edmund Wilson Pool, this may not be needed if the site can be sold as it stands. If not demolished, the costs of demolition would reflect upon the capital receipt received from the sale of that site.
14. The attached drawing at Annex A identifies the area required to provide a viable Community Pool complex at Kent Street including limited car parking and delivery access. This is a combination of the areas marked A and B.
15. The area available for development for the limited services hotel and the subject of the Kent Street sale for which a £1m offer has been accepted is denoted by the area marked A.
16. The Kent Street car park, owned by Indomito, is a combination of the areas marked B and C.
17. The Kent Street site sold for the limited services hotel development is not large enough to accommodate a Community Pool development as previously proposed, even if its layout were redesigned. (See Annex A)
18. A Competition Standard Pool would require a significantly larger land take and would be all the more impossible to accommodate on this site.
19. The estimated cost of building a Community Pool, as outlined on the plan at Annex A, is c.£7m (this figure is based upon previous estimates updated to 2008/9). The cost of building a Competition Standard Pool has been estimated to be around £10m+ by the council's university partners. If the council wished to pursue the development of either a Community Pool or a Competition Standard Pool in the city centre on a site not owned by the council, a substantial additional sum would be needed to acquire the land to support such a development. This level of capital investment is not available within the council's existing capital resources and could only be pursued with support from partner organisations and / or lottery funding, which in itself is a scarce resource. In addition to the operational costs of a new pool there would be a range of premises costs including energy, rates, plant and equipment management, maintenance etc, all of which would exceed the projected income and for which there is no budget provision.
20. Any development on the Kent Street site, in lieu of the limited services hotel, would have to have access to a pre-determined number of car parking spaces within the retained Kent Street car park, at a rate to be negotiated. This would result in an annual revenue cost, to be added to the pool operating costs.

The Leisure Facilities Strategy

21. The Leisure Facilities Strategy agreed in February 2006 acknowledged the need for a comprehensive approach to swimming provision in the city which would deliver the vision previously set out and meet the specific needs identified: Facilities for local competitions, schools use, club development, teaching, fitness swimming, and family swimming. It was also underpinned by the conclusions of Active York's planning work that showed the need to provide for a deficit of 12 x 25m lanes of water.
22. Within this strategy Yearsley and the replacement of Edmund Wilson at Oaklands (York High School) would provide effective and flexible community pools whilst the new university pool would provide all the functions of a community pool plus much needed club development and short-course competition facilities as part of an integrated and fully accessible leisure complex at Heslington. The University is required to provide a competition standard pool with community access as a condition of its planning approval.
23. The University of York and the City of York Council have subsequently agreed and signed up to a Statement of Intent with regard to the development of a swimming pool and fitness facilities at Heslington. (See Annex B)
24. The Leisure Facilities Strategy also recognised the importance of creating arrangements that are financially sustainable. The previously proposed Kent Street Community Pool complex included facilities, such as a fitness suite, necessary to meet customer needs and provide a viable facility. The requirement for the University to build a fully accessible Competition Standard Pool, available to the wider community, would have been in direct competition with the proposed Community Pool on Kent Street and would have made the latter, with its lower specification, unviable.
25. In the current climate it will be important for the Council to consider all delivery options including acting in an enabling role rather than attempting to provide all of the services itself. Members may wish to consider a range of options for leisure facility development and provision as part of the review of the leisure facilities strategy that has been requested. The principles of partnership agreed with the University could equally apply to the provision of further facilities in partnership with any other willing organisation, public or private. This does not necessarily have to be at the expense of the established partnership with the University.

Response to the motion

26. Part a) – The Kent Street coach park site has been sold to Barbican Venture (York) Limited (BVYL) at an agreed price of £1,000,000 plus VAT and a further non-returnable payment of £12,000 towards the Council's costs. The purchase price will be paid only when BVYL obtains planning permission for the construction on the site of a limited services hotel and other non-residential uses. The Purchaser has two years to

satisfy the condition although this period may be extended if a planning permission has been granted but the relevant challenge period has not expired or if there is an appeal or challenge taking place subject to a final long stop date of three years from 30 March 2007.

27. Part b) – BVYL have been informally approached and they have intimated they are not interested in selling the site. If BVYL can be persuaded to enter into negotiations to surrender the sale agreement, it is probable that the sum the Council will have to pay will need to reflect; (i) purchasing and investigation costs, (ii) any professional fees spent on feasibility studies and planning and (iii) loss of developer's profit. The biggest element is the developer's profit and at this stage it is not possible for officers to estimate what this sum would be, without seeing plans of the limited services hotel and whether it is acceptable planning terms and seeking advice on what the completed hotel with an operator paying rent is worth on the open market.
28. Part c) – The sum £8,140m arising from the capital receipt for the sale Barbican Centre site, and the Kent Street car and coach park has been put in the capital programme to replace and upgrade the city leisure facilities. If the Kent Street coach park sale is rescinded this will reduce the capital programme sum by £1.012m plus the sum that will have to be paid to BVYL in compensation as mentioned in paragraph above . this loss of receipt would have a significant impact upon the £2m allocated as a contribution to the University project or, as intimated in the motion, any other pool.
29. In addition part d) i and ii of the motion seek authority to spend monies to take back part of the Kent Street car park, which will reduce further the available funds. Part d) iii of the motion raises the question of access and parking. From initial consultation and work with planning and highway advisors it was clear that disabled parking, drop off or service delivery from Kent Street would be unacceptable and all such needs should be provided from within the developed site.

Additional information

30. BVYL have intimated that they do not wish to sell the site. As with most things there may be a price at which they would reconsider. However, if the council was to pursue this course it is likely to be subject to scrutiny from the District Auditor.
31. To recover the Kent Street site, the question of Compulsory Purchase has been raised. The legal view is:

If BVYL insist that the sale is completed in accordance with the agreed terms the title to the land passes to them. In this event the Council could consider whether the land could be acquired compulsorily. However, detailed consideration would need to be given to the legal implications and feasibility of using CPO powers in these circumstances having regard to the previous planning decisions of the Council in respect of the use of this land (see paragraph 11 of this report)

The Council would have to satisfy the Secretary of State in its Statement of Reasons that it required the land for development purposes other than those which it had previously resolved to support. This would have to be considered in the context of the agreed development proposals. Any CPO proceedings would take significant time and is likely to incur substantial costs which would not be recovered if the action proved unsuccessful.

32. If the council simply refused to complete on the contract of sale, BVYL would be entitled to sue the Council for specific performance. It is probable the court would order the council to complete the sale. There are no remedies available to the Council that would justify non-completion of the sale.

Consultation

33. There has been no specific consultation to support the writing of this report, though the subject matter being the sale and development of the Barbican and Kent Street land and the Leisure Facilities strategy has been widely consulted upon and debated.
34. The views of the four group leaders have been sought during the preparation of this report.

Options

35. **Option 1** – to refer this motion to the Council meeting on 28th June 2007 with comments from the Executive

Option 2 – to seek further information before referring the motion to Full Council

Corporate Priorities

36. The report relates primarily to the corporate priorities
 - a) Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are the poorest.
 - b) Improve our focus on the needs of customers and residents in designing and providing services
 - c) Improve the way the council and its partners work together to deliver better services for the people who live in York

Implications

Financial

37. The current strategy relating to Yearsley, the new Edmund Wilson replacement and the partnership with the University of York is affordable in revenue terms for the council. There are existing budgets to fund the operation of Yearsley and the Oakland's Pools. The University and the

Council are working on a revenue neutral model for the pool at Heslington East.

38. The original scheme for Kent Street would have been close to break-even and only have required a small subsidy . This assumption was based upon a strategy of high level fitness provision and income. The introduction of a University pool and fitness provision, with or without the council's support, would undoubtedly have reduced the opportunity for generating the target income. In consequence an annual deficit of £100k could be expected, although it is difficult to quantify at this stage. Any proposal to build a smaller facility on Kent Street or anywhere else that excluded the fitness facility would not be viable.
39. The introduction of a new competition standard pool and fitness facility would not generate significantly higher management costs but would increase the level of premises running costs including rates.
40. The longer-term revenue consequences of adding to the property portfolio would depend upon the strategy for maintaining the new asset. Such high levels of investment would warrant planned investment over the life of the building to protect and preserve this important asset. Current capital and revenue constraints do not support this level of property investment.
41. The capital programme is based on the achievement of the capital receipt from the sale of Kent Street for £1m. If the Council were able to withdraw from the Kent Street sale and from the University project (£2m), there would be £1m, less the compensation costs referred to in paragraph 27, available towards a new pool on the Kent Street site or an alternative site.
42. If the council were to consider borrowing the capital to support a £7m investment in a community swimming pool and fitness facility the revenue cost (repayment and interest) would be £630,000 per annum.
43. If the council were to consider borrowing the capital to support a £10m investment in a competition standard swimming pool and fitness facility the revenue cost (repayment and interest) would be £900,000 per annum.

Legal

44. All contained within the body of the report

Property

45. All contained within the body of the report

Other

46. There are no implications from this report for Human Resources, Equalities, Crime and Disorder and information Technology

Risk Management

47. The key risks to the local authority:
- a) BVYL have been informally approached and they have intimated they are not interested in selling the site.
 - b) To negotiate the cancellation of the agreement to sell the Kent Street site will cost the Council a substantial sum. It is likely that the District Auditor would wish to investigate such a decision.
 - c) Development of the Kent Street site for a pool is contrary to the current planning permission as outlined in paragraph 11 above.
 - d) The reputation of the council in dealing in the property market would be severely damaged
 - e) The reputation of the council in dealing with an established partner, the University of York, would be severely damaged

Summary

48. Officers advise that the council should not interfere with the process of selling the Kent Street site as:
- there is no possibility of developing a community pool at this location
 - there are significant difficulties and risks in pursuing such a course of action.
49. If members wish to consider other alternatives for providing a city centre pool, competition or community standard, then the council should refer the matter, back to officers for a full and robust option analysis within the Leisure Facilities Review Report. (A suggested framework for that report is at Annex C)
50. Until that report is complete and all parties have agreed to a future strategy, officers would advise that no action is taken to undermine the partnership agreement that currently exists between the City of York Council and the University of York

Recommendations

51. That the Executive considers the motion submitted together with the information and advice given in this report and decides whether to submit this with its recommendations to Full Council

Reason : To comply with council standing orders.

Author:
Neil Hindhaugh
Assistant Director : Head of
Property Services

Chief Officer Responsible for the report:
Neil Hindhaugh
Assistant Director: Head of Property Services

Report Approved **Date** 15/6/07

Simon Wiles
Director of Resources

Report Approved **Date** 15/6/07

Specialist Implications Officer(s)

Charlie Croft
Assistant Director (Lifelong Learning and Culture)

Suzan Hemingway
Assistant Director (Legal and Democratic Services)

Tom Wilkinson
Corporate Finance Manager

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

All

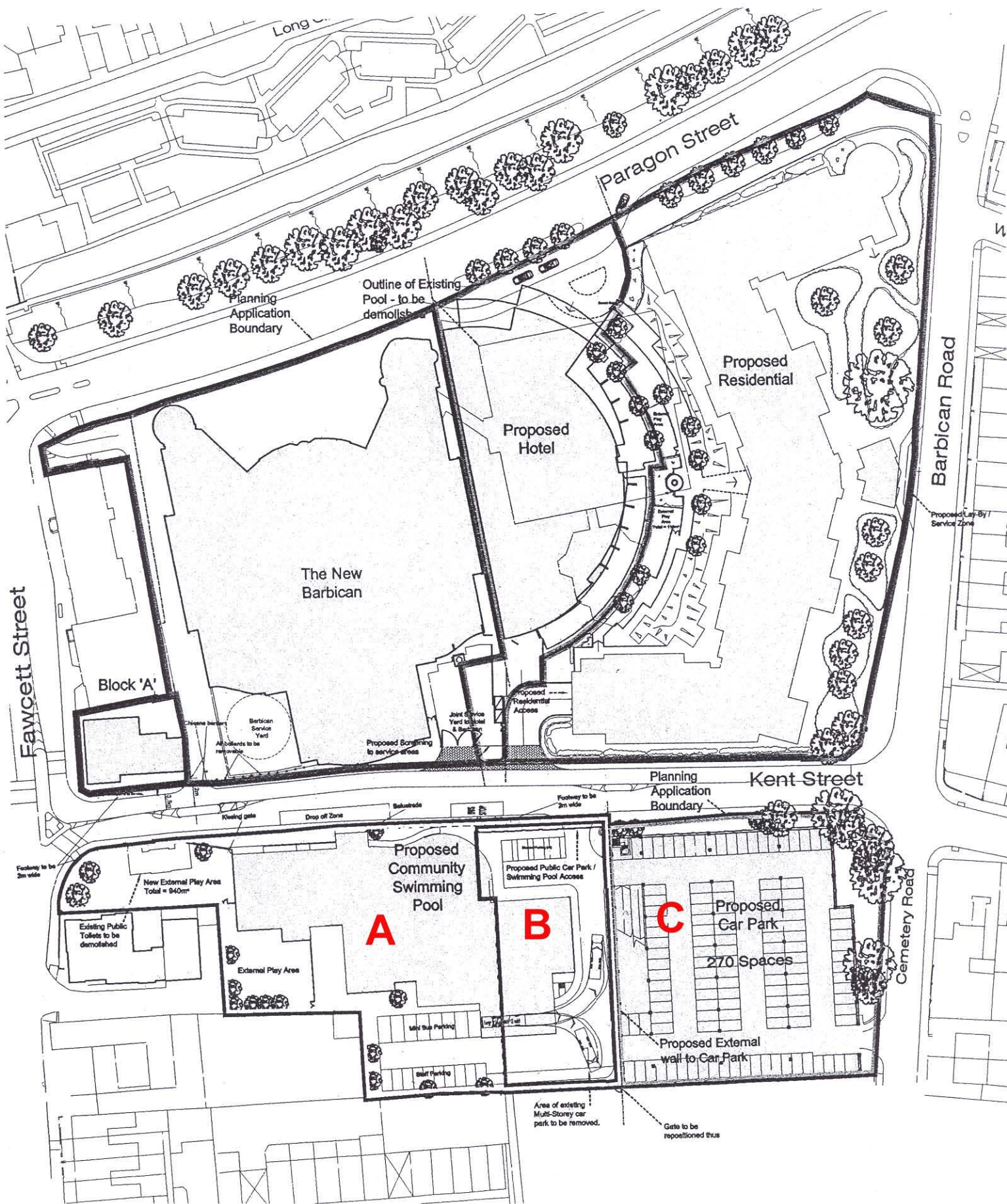
For further information please contact the author of the report

Background Papers: Leisure Facilities Strategy report to Executive February 2006

Annex A – Plan of the Barbican and Kent Street sites

Annex B – Statement of Intent between City of York Council and the University of York

Annex C – Scoping Framework for Leisure Facilities Strategy Report



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Annex B

University of York and City of York Council

Statement of intent with regard to the development of a swimming pool and fitness facilities

1. Both signatories to this document wish to expand the range of sports provision available in York. The University does not currently have a swimming pool and needs to expand its fitness provision. The City has ambitious plans for swimming provision within the city and a new pool on the eastern side will ensure that the already announced provision on the western side is complemented.
2. The University of York and the City of York Council agree to work in partnership to bring forward plans for the development and implementation of a swimming pool and fitness complex.
3. A Steering Group will be established, encompassing a range of interested groups, to take this project forward, including consideration of capital costs and revenue, the management and access arrangements, the funding contributions and responsibilities and the likely timescale.
4. A number of key principles will guide this development.
 - a. The facilities will be open to all, and community access will be encouraged
 - b. The provision should be of competition standard
 - c. The facilities should be environmentally, socially and economically sustainable
 - d. Responsibility for funding of the project will be a joint responsibility
5. Dependant upon the outcome of the public enquiry into University expansion onto the Heslington East site, the preferred location for the facilities is Heslington East. In this event, the development will be in accordance with the planning conditions imposed by the Secretary of State.

Note:

This Statement of Intent has been signed by both parties

The City of York Council is represented on the Steering Group

The Steering Group is now active

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Annex C

Proposed scope of report on the Leisure Facilities Strategy

1. To give the policy context and background to the facilities strategy:

- ❑ The Council's commitment to increasing participation in active lifestyles – key targets, e.g. LPSA2 and LAA
- ❑ The role of leisure facilities in promoting participation
- ❑ Management of current property assets, their condition, suitability and fitness for purpose in supporting the strategy
- ❑ The objectives of the original strategy to renew the facilities
- ❑ A vision for the Council's leisure facilities – what needs they should provide for and what they should be like
- ❑ To consider the opportunities for the integration of services and the development of partnerships in pursuit of efficiencies

2. Needs analysis:

- ❑ Supply and demand analysis – what the planning model shows that York currently needs in terms of total water space and where it should be located and how provided
- ❑ Specific swimming needs – what needs the city's sport and active leisure strategy suggests should be accommodated, for example in terms of club development, lesson programmes, school swimming, competitions
- ❑ What users want – resume of previous consultation exercises

3. Summary of current position:

- ❑ Planned work at Yearsley
- ❑ Developing plans for the York High site
- ❑ The long-term position with Waterworld (leased to Cannons to 2012)
- ❑ User numbers and current running costs for the facilities
- ❑ Private sector provision

4. Strategic Options:

- ❑ With the current Yearsley and York High schemes going ahead, focus on how the city's remaining 12 x 25m lanes deficit can most realistically and effectively be addressed
- ❑ Examine the University partnership proposal
- ❑ Examination of other potential sites for a pool – city centre, school sites, major development sites, etc.
- ❑ Examination of other partnership possibilities
- ❑ Other longer term options and models of delivery

5. Costs:

- Examination of potential capital costs of the various options
- Examination of potential management models – how do we create a sustainable

6. Funding:

- The Barbican receipt
- Other funding issues:
 - Non availability of lottery funding
 - Potential for site disposals
 - Potential for development gain
 - Private sector finance

7. Conclusions:

- Recommendations
- Timescales

Charlie Croft
Assistant Director (Lifelong Learning and Culture)
12th June 2007