

Executive

7 October 2008

Report of the Director of Resources

First Performance and Financial Monitor - 2008/09

Purpose of the Report

- 1 This report provides details of the headline performance issues from the performance monitor period for 2008/09. It also builds on this to present the latest projection of the Council's revenue income and expenditure for the current year.

Background

- 2 This year's first monitor session examines a number of different areas of performance, considered under two categories:
- A corporate health check for the Council (i.e. financial performance, staff performance, CPA and Customer First statistics)
 - Key performance issues of corporate significance from directorates.
- 3 A number of these issues will be discussed at a special corporate performance monitor session in October, which will be jointly attended by the Executive members and the Council management Team. Any actions agreed at this session will be disseminated to directorates and any specific service managers.

Summary of performance headlines from Monitor 1

- 4 Significant progress has been made across the council. The main performance headline for this quarter are:
- The July Talk About survey showed **65%** of panellist were satisfied with the council, which is significant improvement on the score of 2 years ago of 48%.
 - Customer First statistics show the council is currently performing near to or exceeding **4 of our 6** very high corporate standard targets.
 - Staff sickness levels have shown continued improvement, up **19%** from the same period last year.
 - Staff turnover levels are **41%** lower than last year (1.5% compared to 2.6%, April to July).
 - The number of health and safety incidents is significantly reduced from this time last year. **10** fewer incidents between April and July 08 than the same period last year.
- 5 Improvements have been made to many indicators across directorates, in particular:
- The proportion of recycled waste continues to improve from last year (currently **45%** compared to 43% in 07/08). This builds on significant improvement over the past 5 years, when recycling rates stood at just 15.5% in 2003/04.

- Significant reductions have been made in fixed term exclusions in the primary sector (36, from a target of 60). Also, any young person in 'out of school' provision has seen the number of days offered increase from **2.24 to 4 days** within 2 years.
- Care leavers in suitable accommodation and in employment, education or training has doubled (**100%** compared to 50% last year).
- The number of LAC (Looked After Children) cases reviewed have increased (**91%** compared to 82%) and the number of initial/core assessments completed for Children In Need within timescales have all made significant improvements.
- Processing times for housing and council tax benefit claims has reduced further to **16 days** compared to 19 days in 07/08.

6 The main areas of concern include:

- Turnover growth in the city is low at **11.4%** compared to last year and below target of 20%.
- The impact of the credit crunch on new house building is matter of concern, given that the affordable homes programme is so closely linked to new developments.
- The % of initial care assessments for adults completed within the designated timescale has continued to reduce, but an action plan is in place to reverse the trend.

Summary of financial headlines from Monitor 1

7 Table 1 (paragraph 37) summarises the information presented to the individual EMAPs. It shows that service areas are projecting an overspend of £1,092k, although applications have been made for £512k to be released from the contingency to fund some of the overspending pressures. Central budgets are forecast to overspend by £134k. Offsetting these an underspend of £1,136k is being projected on Treasury Management activity due to the improved position on interest rates and the ability to defer borrowing (see paragraph 43).

8 The implications of service pressures within the directorates is shown on Table 1 at a cost of £4,863k on the non Dedicated Schools Grant (DSG) functions. The recurring overspends and reduced costs/additional income will be considered while preparing the budget proposals for 2009/10.

9 There is an overspend of £173k on the DSG functions. Under the terms and conditions of the DSG any in-year underspend must be carried forward to be added to next year's DSG allocation, any overspend can only either be funded from the general fund or carried forward and deducted from the following financial year's DSG. The proposal is to take the latter course of action should the overspend occur.

10 The overspend on general fund services includes three principle elements:

- increased service expenditure pressures (either increased expenditure or reduced income) +£4,863k;
- reduced service costs (either reduced expenditure or increased income) - £3,771k;

- variations in central budgets controlled by the Executive -£1.514m, including utilising £512k from the contingency to fund service expenditure pressures

11 While the projected out-turn is close to the budget this is due to a number of one-off occurrences which mask the true financial position of the authority. In overall terms the council faces a number of on-going budget pressures and 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 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 negates such a risk.

12 The HRA out-turn working balance is expected to be £7,482k, £51k more than the current budget. The trading activity of Neighbourhood Services is reporting a shortfall against the budget of £63k, but are continuing to look for action that can be taken to improve the position. This forecast loss is shown in Annex 10 as a charge against the Trading Activities Reserve.

13 The level of total reserves reported at Annex 10 is currently projected to be £10,409k at 31 March 2009. However, any overspend will reduce the overall level of reserves, and requests to carry resources forward from underspends during the year will also reduce the future level. The minimum threshold level recommended during the 2008/09 budget process is £5,361k.

14 In addition the report also provides:

- An update on the achievements of growth items and efficiency savings incorporated into the 2008/09 budget.
- Requests for virements and supplementary estimates.

Staff performance – corporate overview

15 Corporate sickness absence levels have continued to improve significantly since the end of last year. There has been a 20% improvement to 2.93 days lost per full time employee (FTE) in April to July 08 compared to the same period last year. (See Annex 1 for a full breakdown).

16 HASS have shown significant reductions and due to the large number of employees in HASS, this has an impact on the overall corporate figure. The 6& reduction in LCCS also significantly impacts on the corporate figure, due to employing almost 60% of CYC employees.

Directorate	2007/08 Outturn	Staff sickness (Apr – July 07)	Staff sickness (Apr – July 08)	Change	% of CYC Staff
Corporate Figure	9.54 days	3.62	2.93	-19%	100%
Chief Executive	7.82 days	1.86	2.27	+22%	2%
Neighbourhood Services	15.53 days	6.22	4.58	-26%	12%
City Strategy	8.98 days	3.17	2.91	-8%	6%
Resources	10.99 days	2.27	2.89	+6%	6%
HASS	13.61 days	5.92	3.60	-39%	15%
LCCS	7.06 days	2.6	2.44	-6%	57%

17 Chief Executives and Resources are the only directorates not showing an improvement, however they only account for 8% of employees. Chief Executives performed well last year and due to the relatively low number of employees their performance can tend to fluctuate.

Stress

18 The number of stress days taken as a proportion of the overall number of days lost has increased slightly since the end of last year (19% compared to 16%). The most significant rise coming in Resources (26% compared to 17%) and the most significant improvement comes in HASS (13% compared to 16%).

Turnover

19 Staff turnover levels are low across the council for April to July 08, except Chief Executives who are showing a high level at 7.5% compared the same period last year (3.3%) and to the corporate figure of 1.5%. However due to this being a small directorate the numbers tend to fluctuate.

20 The figures for the first 4 months of 2008 (1.5%) are lower than at this point last year (2.6%). Pay and grading may have a significant impact once the ballot has been confirmed. Also, the 2nd school term is most significant for education staff turnover.

Directorate	Staff Turnover Apr – July 2007/08	Staff Turnover Apr – July 2008/09
Corporate Figure	2.6% (204/7794)	1.5% (118/7897)
Chief Executive	3.3% (5/151)	7.5% (12/161)
Neighbourhood Services	4.1% (39/960)	2.0% (19/934)
City Strategy	2.5% (10/403)	2.0% (8/401.5)
Resources	3.2% (12/370)	1.4% (5/364)
HASS	3.6% (45/1257)	2.1% (25/1206.5)
LCCS	2.0% (93/4653)	1.0% (49/4830)

* As from April this year the indicator only counts voluntary leavers and does not count retirements, redundancy, dismissal, transfers and 85 yr rule retirement.

Equalities

21 The number of people employed by the council that are an ethnic minority has remained stable since the end of last year at 3.46%. Chief Executives has the highest % of ethnic minorities at 6.8% (11 people) while City Strategy remain the lowest at 2.2%(9 people). The number of people employed with a disability has slipped slightly from the end of 07/08 (152 compared to 158).

22 Significant progress was made in the first quarter of the year in equality and diversity.

23 Highlights include:

- The Single Corporate Equality Scheme for 2008/9 was finalised and published.
- A programme of strategic Equality Impact Assessments 2008 is progressing as planned.
- Over 1,500 staff received equalities training.
- The engagement of equality communities in the Social Inclusion Working Group was enhanced as a number of Expert Witnesses joined the Group
- Briefing sessions for senior managers took place involving the Audit Commission and the Commission for Equality and Human Rights.

- CYC working with IDEA led a regional consultation workshop about the new Local Government Equality Framework, which will replace the Equality Standard in April 2009.

Health and Safety

- 24 The number of major RIDDOR incidents remains stable, when comparing the first 4 months of 08 with the same period last year (2 incidents).
- 25 The number of minor incidents for April to July this year (15) has improved significantly since the same period last year (25). This has been help by a large reduction in HASS with 5 fewer incidents. However, it is possible there was some initial over recording due to staff training on the new policy last year.
- 26 A new 'near miss' reporting booklet has been developed for all staff to allow them to report (anonymously if desired) hazards, near misses, and breaches of H&S practice. We have started to receive reports using this route, but more work is needed to raise use among front line staff who are best placed to report potentially hazardous incidents. We'll have a clear picture of how this reporting is working at the next monitor session.

'Major Injuries' to Employees reported by Directorate (April to July 08)

Directorate	06/07 Total	07/08 Total	Apr 07	May 07	June 07	July 07	Apr 08	May 08	June 08	July 08
Chief Executives	0	0	0	0	0	0	0	0	0	0
Resources	0	0	0	0	0	0	0	0	0	0
City Strategy	0	0	0	0	0	0	0	0	0	0
HASS	1	0	0	0	0	0	0	0	0	0
LCCS	3	5	2	0	0	0	1	0	1	0
Neighbourhood Services	1	2	0	0	0	0	0	0	0	0
TOTALS	5	7	2	0	0	0	1	0	1	0

'Over 3 Days' to Employees reported by Directorate (April to July 08)

Directorate	06/07 Total	07/08 Total	Apr 07	May 07	June 07	July 07	Apr 08	May 08	June 08	July 08
Chief Executives	0	0	0	0	0	0	0	0	0	0
Resources	0	0	0	0	0	0	0	0	0	0
City Strategy	4	0	0	0	0	0	0	0	0	0
HASS	18	17	1	2	4	2	2	1	0	1
LCCS	13	13	1	0	2	0	0	1	0	0
Neighbourhood Services	23	26	2	5	4	2	1	4	2	3
TOTALS	58	56	4	7	10	4	3	6	2	4

Certain categories of incidents are reported to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 1995 (RIDDOR). 'Major Injuries' and 'Over 3 Days' are two of these categories and both are in respect of incidents involving employees. It is anticipated that these tables will be updated each month.

Comprehensive Performance Assessment (CPA)

- 27 The council is currently rated as a 'good' (3 stars out of 4) council, which is 'improving well' under the government's Comprehensive Performance Assessment (CPA). We will receive one more formal CPA result in December 2008 (based on 2007/08 performance and the recent corporate assessment), before CPA is replaced with the Comprehensive Area Assessment (CAA), introduced as part of the government's new performance framework.
- 28 The Use of Resources Self Assessment has been submitted and we remain hopeful of gaining a score of 3. This is an extremely important result and must be maintained if we are to keep an overall CPA score of 3 (good). Scoring a 2 on both UoR and the corporate assessment would see the council's overall CPA score moving down to a 2, regardless of improvements to service block scores.
- 29 HASS are also in the final stages of a CSCI inspection of Adult Social Care, which contributes significantly to our overall CPA score as a level 1 assessment. Latest indications are that we could move down from a 3 to a 2, although HASS are working with the inspectors to iron out particular areas of contention. If this assessment did achieve a 2 it would bring our overall CPA score down to 2 stars, as achieving a 2 on both corporate assessment and level service assessments means we can only score 2 stars overall.

Category		Last Year (based on 2005/06 results)	Now (based on 2006/07 results)	Change
Corporate Assessment		3	3*	→
Direction of Travel		'Improving adequately'	'Improving Well'	↑
Level 1	Children & Young People	4	4	→
	Adult Social Care	3	3	→
	Use of Resources	2	3	↑
Level 2	Benefits	3	3	→
	Culture	2	2	→
	Environment	3	3	→
	Housing	2	3	↑
Council Rating		3 star	3 star	→

* based on 2002 corporate assessment result

CPA to CAA

- 30 The second round of consultation on the government's Comprehensive Area Assessment (CAA) has now been published. A paper on what this means for the council, in terms of the transition from CPA to CAA, is being considered by CMT on the 1st of October. This will identify the high-risk areas that we need to address now to ensure we receive a good score in the first CAA inspection in 2009.

Customer First Statistics

- 31 The table below sets out our performance on customer first standards for monitor 1 this year compared to 2007/08 monitor 1. The council currently performing near to or exceeding 4 of our 6 very high corporate standard targets.

	letters	Stage 2 complaints	stage 3 complaints	visitors to reception	visitors needing further help	phone answering
standard	95%	95%	95%	100%	100%	95%
2007/08 Monitor 1	94%	100%	100%	99%	98%	91%
2008/09 monitor 1	94%	100%	100%	99%	94%	93%
Trend	→	→	→	→	↘	↗

- 32 The full results for 2008/09 Monitor 1 (including data on individual directorates) is set out in Annex 2. The main headlines however are as follows:

- Letters: All directorates apart from two, are exceeding the corporate standard of 95%. Neighbourhood Services achieved 80% compared with 88% for the same period in 2007/08 and City Strategy achieved 91% compared to 97% last year. However, both these directorates receive a smaller number of letters compared to other directorates making up only 5% between them.
- Visitors: The proportion of visitors requiring further help and seen within 10 minutes has dropped slightly below the required council standard to 94%. This is partially down to Neighbourhood Services with their levels having dropped from 100% (07/08 monitor 1) to 71% (08/09 monitor 1).
- Phone Calls: Phone calls answered within 20 seconds has seen a slight improvement mainly down to significant improvement within the customer contact centre. They have improved from 85% (07/08 monitor 1) to 94% (08/09 Monitor 1). Considering they handle 25% of the calls received then this can only continue to have a positive impact upon achieving our corporate target of 95%.

LPSA 2

- 33 There has been little change since the position at the year end performance report seen by Executive Members on the 30th of June. Based on the data and projections now available, the amount of reward grant it is estimated we will achieve is approximately £2,345,714, which represents 60 % of the overall available grant, approximately 5% above that predicted last year. There is a potential growth of £157,401 - £262,335 from the last 2 measures relating to surveys of sport and active leisure.

Financial performance

The General Fund

- 34 The General Fund net expenditure budget for 2008/09 was originally set at £113,771k, (£110,471k after the use of balances and reserves). There has been a transfer between the profit expected from trading activities of Neighbourhood Services and general fund services due to the allocation of savings, etc., within the directorate. This together with utilising reserves to fund other expenditure pressures approved by Members, up to and including decisions taken on 9 September 2008, increases the net expenditure budget to £115,958k, and the details are shown at Annex 3.
- 35 A comprehensive breakdown of the projected position on the General Fund is shown in Table 1. Key parts of this are explained in paragraphs 62 to 75 and more detailed information is available in individual EMAP reports. An analysis of the key items which comprise current under and overspends for the Treasury Management activity is shown at Annex 4 and those for central services are in Annex 5.
- 36 Full details of the causes of the service variations were outlined in the individual EMAP reports and the overall financial position is summarised in Table 1 on the next page.
- 37 As can be seen from Table 1 the increased spending pressures in service areas amount to £4,863k. Wherever possible Departmental Management Teams/EMAPs have identified savings and action that can be taken to reduce the net effect of these pressures. These total £3,771k, producing a net overspend on services in the year of £1,092k. There is also a projected overspend on some centrally controlled budgets amounting to £735k, however these increased net costs have been more than matched by projected savings that have arisen due to the improved position on interest rates and the ability to defer borrowing (see paragraph 43). However, the 'savings' on both departmental and central budgets are to a large extent one-off and mask the true financial pressures facing the Council, which will need to be addressed as part of future budget processes.

Table 1 - Summary of Budgets and Variations

	Currently Approved Budget			Net Budget £000	Variances				Projected Out-turn £000
	Gross Exp.	Notional Interest	Income		Over-spends Identified	Under-spends Identified	Out-turn to Net Budget		
	£000	£000	£000		£000	£000	£000	%	
<u>Service Area</u>									
Children's Services (non DSG)	65,279	5,338	(41,730)	28,887	+799	-170	+629	2.2	29,516
Leisure and Culture	11,709	1,102	(4,164)	8,647	+216	-159	+57	0.7	8,704
Economic Development	5,574	180	(3,412)	2,342	+54	-31	+23	1.0	2,365
City Strategy	33,495	3,403	(19,521)	17,377	+1,117	-889	+228	1.3	17,605
Neighbourhood Services	21,958	434	(6,838)	15,554	+300	-86	+214	1.4	15,768
Chief Executive's Department	9,754	-	(4,840)	4,914	+401	-296	+105	2.1	5,019
Property	7,858	2,460	(8,723)	1,595	+203	-15	+188	11.8	1,783
Resources	60,066	128	(55,283)	4,911	+372	-673	-301	6.1	4,610
Housing General Fund	11,170	84	(9,850)	1,404	+67	-139	-72	5.1	1,332
Adult Social Services	59,451	778	(22,182)	38,047	+1,334	-1,313	+21	-	38,068
Total of Service Areas	286,314	13,907	(176,543)	123,678	+4,863	-3,771	+1,092	0.9	124,770
<u>Centrally Held Budgets</u>									
Notional Interest	-	(13,907)	-	(13,907)	-	-	-	-	(13,907)
Contribution from Cap Fin Acct	-	-	(7,585)	(7,585)	-	-	-	-	(7,585)
Treasury Management	11,213	-	(4,276)	6,937	+293	-1,429	-1,136	16.4	5,801
Other Central Budgets	6,779	-	(691)	6,088	+442	-308	+134	2.2	6,222
General Contingency ¹	747	-	-	747	-	-512	-512	68.5	235
Non availability of Trading Profit									
Non DSG General Fund Total	305,053	-	(189,095)	115,958	+5,598	-6,020	-422	0.4	115,536
Children's Services (DSG)	86,389	-	(86,389)	-	+573	-400	+173	####	173
General Fund Total	391,442	-	(275,484)	115,958	+6,171	-6,420	-249	0.2	115,709

¹ The projection is based on the assumption that all bids from EMAPs are successful

- 38 The 2008/09 budget included £10,090k for expenditure on growth items and £5,956k of budget/efficiency savings and with very few exceptions they are all being achieved. Where problems are being encountered these were highlighted in relevant EMAP reports. The growth items are set out in Annex 6, with the majority on target to be delivered. The exceptions are:
- a. Children's Services - the cost of the social care legal fees are expected to exceed the budget provided, and a request has been made for additional resources to be released from contingency.
 - b. Leisure and Culture - the budget to cover the closure at Oaklands is dependent on the timing of the capital works, which have not yet been confirmed.
 - c. City Strategy - increased costs of concessionary travel are being monitored, but on the basis of the first quarter there may be a small saving.
 - d. City Strategy - the budgeted reduced income from land charges and building control are suffering from additional pressure of £410k due to the economic downturn.
 - e. City Strategy - waste strategy procurement development budget spent, but a further £200k may be needed as the project progresses to final stages.
 - f. Resources - audit commission fee increases are anticipated to be less than expected, so this budget may underspend.
- 39 The variations reported on budget/efficiency savings items are set out in Annex 7 and include:
- a. Children's Services - all are expected to be on target except for the projected increases in income from the Music Service is not being achieved and a request has been made for additional resources to be released from contingency.
 - b. Leisure and Culture - the park attendants restructure has been delayed, and the impact of this is being reassessed, the other proposals are on target to be delivered.
 - c. Resources - with three exceptions all are expected to be delivered. The three items that may be at risk are: the saving from increased recovery of housing benefit overpayments, although the position is under constant scrutiny and the position is improving; there have been some delays in the opening of Arlight so the full saving will not be delivered in this financial year; increased income from annual rent reviews on commercial property is experiencing pressure due to the current economic climate.
 - d. Adult Social Services - all are on target except for the saving from the implementation of the cross border protocol, where several high cost cases have been disputed meaning that the saving is unlikely to be achieved.
 - e. Children's Services (DSG budgets) - there are two variances reported, Out of City placements where the saving will not be achieved but this is more than compensated for by SEN recoupment where savings in excess of the budget are being projected.
 - f. Neighbourhood Services traded activities - there are two areas where the saving will not be achieved, there has been a delay in deleting a post but the value of the savings are being found elsewhere. The second area relates to increased income from trade waste fees, where there has been a drop in customer numbers. There is a shortfall projected in the income, partly offset by a saving in the cost of waste disposal. This position will continue to be monitored.

Centrally Held Budgets

- 40 These are budgets where the reporting responsibility has been reserved to the full Executive, and so any movement on them must be considered as part of this report.

Notional Interest Income

- 41 This budget matches the notional interest charged to the service revenue accounts. The notional interest charge must be excluded from the service expenditure when presenting the overall Council's Statement of Accounts. In order to show Members the effect of this the two sides of the notional interest are shown in Table 1.

Contribution from Capital Finance Account

- 42 This budget represents the use of money held in the Capital Financing Account to match the depreciation charged to the service accounts. This is in accordance with the Accounting Code of Practice.

Treasury Management

- 43 The Capital and Treasury Management part of Strategic Finance are currently predicting that treasury management will produce a surplus (underspend) of £1,136k. This is mainly due to two key events: a delay in borrowing due to the high cost of borrowing which has been made possible by strong cash-flows (£506k) and an overall increase in interest rates throughout the year is projected to contribute additional interest income (£803k). Annex 4 shows the key variances that contribute to this surplus.

- 44 The projections are based on the best advice, but money markets are volatile and cash balances change rapidly so these predictions should be treated with caution. Each 0.25% change in interest rates will mean a change in the return on investments of approximately £50k per annum. It is worth noting that the current structure of Council borrowing and investments means that high interest rates are, at present, beneficial to the Council.

- 45 The recent turmoil in the money markets has resulted in higher than expected returns on the Council's investments by taking advantage of the high rates offered by institutions. The Council is restricted to the type of institutions that it can invest with, the level of that investment and period over which it can place an investment. The restrictions are based on the credit ratings from the credit rating agencies and interpreted by Sector, our Treasury Management Advisors.

- 46 A review of the prudential indicators which govern the treasury management activity is included at Annex 12.

Other Central Budgets

- 47 These budgets cover a variety of funding held centrally and details are shown at Annex 5. The majority of the budgets are for contractual purposes and will be fully required. However there is projected to be an overspend on the cost of the staff park and ride passes, due mainly to a budget saving taken not being deliverable. One other area giving concern is the budget set-aside to meet rising fuel costs. During the 2008/09 budget process the market price was slightly below the existing contract prices. Despite this a small sum was included for possible price increases when the contracts expired. The Council's gas contract has already been renegotiated, but the electricity one is due to expire at the end of October. Current projections are that costs could increase by substantial sums at this time (depending

on how the market rate moves) and the projection includes a sum of £250k for the part-year effect of new contract prices. This will be monitored very carefully over the coming weeks, and a more accurate position will be reported to Members as part of the second monitor report.

- 48 The projection on redundancies and pensions currently shows an underspend of £161k. This estimate has been prepared using information on all known redundancy situations for the remainder of the year, most of which have arisen from 2008/09 budget savings and anticipated retirements under the Council's early retirement policy. Table 2 below gives the details. At this stage of the year it is too early to say whether the underspend will be maintained.

Table 2 - Details of Redundancies and Early Retirement Costs

	£(000)	£(000)
Annual charges for prior year retirements		784
Local Government Pension Scheme		
Redundancy payments	97	
Redundancy retirements	110	
Early retirements	17	224
Schools		
Redundancy payments	116	
Redundancy retirements	18	
Early retirements	11	145
Administration charge		32
TOTAL		1,185

- 49 Members were promised an update in all monitoring reports of the value of NNDR rate refunds following successful appeals. The refunds received to date, after deducting all fees due to the Council's agents and the fee expected to be paid to property services, is £18k. It is projected that this may increase to £90k by 31 March 2009, and the latter figure has been included in Annex 10.
- 50 At the time of writing this report the position on implementation of the new pay and grading system is uncertain. The initial ballot of trade union members has resulted in a rejection of the offer and therefore immediate implementation by backdating to 1st April 2008 is currently not an option. Further negotiations with the trade unions are planned with a view to having a further ballot in the near future, if this results in a 'yes' vote implementation in the current financial year is still a possibility, however if there is a second 'no' vote then the scheme cannot be introduced until well into 2009/10. In terms of financial implications the costs of implementing the scheme remain uncertain until a clear way forward is determined both in terms of project team costs and the base costs of implementing the model itself. Further updates will be brought before members when the position becomes clear.

General Contingency and Supplementary Estimate Requests

- 51 Contingency funding amounting to £800k was set aside in the budget process. As detailed in Annex 8 supplementary estimates approved to 9 September 2008 amount to £138k leaving £662k. There have been seven requests for supplementary requests included in the EMAP reports, also shown in Annex 8, totalling £512k. If these are all approved there will be £217k for the remainder of the year. Further details of the requests are shown in paragraphs 65.4 (a, c and d), 67.3, 69.4 (c) and 75.3. In considering these requests due regard must be given to other areas of pressure, which were identified during the budget process as

potentially needing funding from the contingency and where there is still a possibility that additional funding may be needed. Annex 8 includes these items and the likely future requirements for additional funding in these areas. The annex shows that if all of these potential demands do materialise the amount now projected to be called down from the contingency fund will total £412k, which will lead to an overspend of £262k. As set out in paragraph 71.4 there may also be a request for £275k to meet costs identified as a potential liability during the 2007/08 budget process.

Virements Requested

- 52 The Council's financial regulations require that any virements between service plan heads of more than £250k are agreed by the Executive as part of the budget monitoring report. There have been no requests referred from the EMAP meetings.

Reserves and Balances

- 53 Annex 10 shows the position on the General Fund reserve which, it is anticipated, will reduce from £11,427k at the start of the financial year to £7,557k by the end of the current financial year. Once other reserves are taken into account the level of reserves for CPA purposes is forecast to stand at £10,409k. It should be noted that while this is above the minimum threshold of £5,361k future potential demands have been identified which will reduce the available resources to around £2,577k by the end of 2010/11. At the same time there could be a further need to utilise some of these balances depending upon the outcome of current litigation and tribunals, which is not included in the projections.
- 54 There have been no requests to utilise reserves to fund additional one-off costs in the first monitoring reports.
- 55 Members are reminded that balances are not normally used to fund recurring expenditure and any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund current year overspends or new investment in future years. Using balances to fund recurring expenditure creates funding problems in future years, as the resources will no longer exist, but the expenditure will.

Monitoring Level of Debts

- 56 There are three main areas of income to the Council where it is important that Members are kept informed of the level of the debt, the movement from the beginning of the year, and the likely position at the end of the year. In all cases the Council makes provision for non-collection of the debt, and the level of this is also monitored. The three areas are housing rents, collection fund (both council tax and business rates) and sundry debts.
- 57 Table 3 sets out a summary of the information on these sources of income, with some further explanatory notes below.

Table 3 - Information on the Main Income Sources to the Council

	Housing Rents	Council Tax	NNDR	Sundry Debts
Arrears at 31 March 2008		£5,806k	£3,492k	£4,096k
current tenants	£605k			
previous tenants	£876k			
Provision for bad/ doubtful debts at 31 March 2008	£1,259k	£3,101k	£1,667k	£575k
Value of debts written off so far in 2008/09	£40k	£16k	£344k	See section below
Current value of prior year arrears	See section below	£4,526k	£2,187k	See section below
% collected to end of June	See section below	9.36%	22.29%	See section below
Target % to be collected by end of June		10.5%	N/A	N/A
Estimated accounts to be raised in 2008/09	£24,473k	£77,832k	£85,171k	See section below
Accounts raised to end of June 2008	£6,629k	£847k	£1,018k	£12,267k
% collected to end of June	See section below	29.71%	30.97%	See section below
Target % to be collected by end of June	88%	29.75%	31.59%	See section below
Target % to be collected in year	88.1%	97.5%	99.0%	96%
Arrears of in-year debt at end of June	See section below	£2,710k	£6,147k	£736k

58 Housing Rents

58.1 As rents are a weekly charge, arrears are not separately identified into account years. It is therefore not possible to show the current position on collecting prior year arrears.

58.2 Percentage of rent collected - the data is calculated annually at the year-end. In 2007/08 97.9% was collected; the target for 2008/09 is 98.2%.

58.3 Rent arrears as a proportion of the rent roll - year to date 2.74% (2.27% was the 2007/08 out-turn and the target for 2008/09 is 1.92%). These figures include the arrears figures for former tenants.

58.4 Rent income lost through voids - year to date 0.27% (1.07% was the 2007/08 outturn and the target for 2008/09 is 1.9%).

58.5 The rent arrears at 31 March 2008 were £42k less than at 31 March 2007.

59 Collection Fund (Council Tax and NNDR)

59.1 Council tax collection is currently on target. The debt position will vary slightly over the summer and into the autumn as we review, and where necessary cancel, entitlement to discounts and exemptions.

59.2 The Council raises accounts for and collects the income due on NNDR on behalf of the government. The collection of Business Rates is behind the expected position due to primary reasons: a software issue meant that recovery proceedings (issuing instalment reminders) did not commence as early as we have intended - this resumed in June, and we may be seeing the first effects of the change in legislation on empty property relief. The law now requires us to bill properties that would previously have been subject to a 100% exemption.

60 Sundry Debts

60.1 This section includes the miscellaneous debt raised and collected by the Council. It includes such varied income sources as commercial property rental, housing repairs, commercial waste collection, pest control and other fees and charges.

60.2 Unlike the other income the total to be raised is not dependant on annual sums due in the same way that housing rents, council tax and NNDR are, and so will vary from year to year, there is therefore no estimated value for the value of accounts expected to be raised. A debt recovery officer has been appointed to ensure that debt is recovered as expediently as possible, and all debt is pursued if collection is possible regardless of its age.

Cost to the Council of the Level of Arrears

61 It is difficult to put a precise figure on the cost of arrears as at any time there are both arrears and prepayments, or refunds due, on all types of income. Also, with annual billing for council tax and NNDR for example, the level of debt recorded is not necessarily due for immediate payment. However, simply using the expected recoverable level of arrears at 31 March 2008 and a notional cost of borrowing at 6.5% would give an annual cost of £538k.

Key Performance Issues from Directorates

62 Directorates produced a balanced scorecard showing

- progress on delivering the key actions to support our corporate priorities and imperatives, or any other high profile actions the directorate is delivering.
- headlines on key performance indicators that are corporately significant (i.e. they support corporate priorities, LPSA, CPA, etc).
- headlines on resources management (i.e. budget and staff management)

63 The full scorecards will be available on the council's intranet prior to the Monitor Session on the 14th October. The key points however are:

Learning Culture & Children's Services

64 *Service improvement and key actions:*

- 64.1 Exam Results - The performance of pupils this year at Key Stages 1, 2 and 3 and the GCSE examinations will be fully reported at the next monitor. There have been some well publicised national delays in the complete release of all results. The limited provisional unvalidated results and the comparative national results released to date are encouraging.
- 64.2 Fixed Term Exclusions – there has been a reduced number of fixed term exclusions in the primary sector (36, from a target of 60) and significant reductions in permanent exclusions in primary, secondary and special school sector.
- 64.3 Education Otherwise - The number of days (4 compared to 3.6 last year and 2.24 in 06/07) being provided for pupils on the Education Otherwise roll continues to increase. With the additional alternative provision being offered from September and the reduction in exclusions this number should increase.
- 64.4 Care Leavers ETE – the % of care leavers in suitable education, training and employment has improved (100% for monitor 1 compared to 50% last year)
- 64.5 Attendance - Draft attendance returns for the first two terms show that in secondary schools total absence was 7.06% (comprising 5.84% authorised and 1.22% unauthorised). The whole year figures for 2006/07 of 7.62% absence show that this is an improvement. Primary figures for the same period were 4.34% (4.02% authorised and 0.32 unauthorised). The whole year figures for 2006/07 show that this is an improvement in primary attendance from 4.63%.
- 64.6 Physical Activity - Work has been undertaken to design an awareness raising campaign around the benefits of taking at least 5 x 30 minutes of activity per week. The aim is that all York citizens will be aware of this message by the end of the year.
- 64.7 Children's Centres – all the planned children's centre development remains generally on timescale. By April 2008 all 8 centres in the city achieved "designation" status. The recent quarter has seen the opening of new children's centres at New Earswick (incorporating a new library learning centre) and the Avenues Children Centre in Tang Hall.
- 64.8 Vulnerable Families - A 2 year old pathfinder has allowed 500 previously unengaged vulnerable families to access voluntary and informal learning whilst the children access registered childcare across all settings.
- 64.9 Looked After Population - the LAC population in the city continues to pressurise existing resources and as a result creates financial pressures through the greater use of independent fostering agency placements. CYC has successfully bid to be part of 'Staying Put' a government pilot programme to enable Looked After Children (LAC) to stay on in their foster placements beyond the age of 18.
- 64.10 LAC assessments – the % of looked after children cases which were review within timescales is currently performing well compared to last year (91.2% compared to 82%).

64.11 Children In Needs – the % of initial and core assessments completed within timescales has improved since last year. Initial assessments completed within 7 days are up to 81.1% from 65.8% and Core Assessments are up to 96.7% from 89%.

65 *Resource management:*

65.1 Sickness: LCCS sickness levels continue to fall and have remain the best performance across the council.

65.2 The majority of the Children's Services budget is funded from the ring-fenced Dedicated Schools Grant (DSG). The current projection is that this area will overspend by £173k. The major variations are:

- a. Out of City Placements (Education) +£248k. The major impact is from 3 new and unexpected residential placements at a total estimated annual cost of £548k pa (£263k in 2008/09). It is proposed to fund this with a budget virement from the Inter Authority Recoupment budget.
- b. Inter Authority Special School Recoupment -£280k. Changes to the way in which charges for Inter Authority Recoupment can be calculated mean that a greater level of overheads can now be included in the charge for each pupil. York is currently a net provider of places in maintained special schools and (despite a budget saving being taken in 2008/09) this has resulted in a net underspend on the overall recoupment budget. It is proposed to vire this underspend to help cover deficits in other DSG funded budget areas.
- c. Behaviour Support Service +£164k. Additional costs of supply teachers and teaching assistants partly offset by increased income transferred from schools for excluded pupils. It is proposed to part fund this with a budget virement of Area Based Grant income from the Education Development Service. Members should also note that, as reported at the July EMAP meeting, a full review of the service is currently being undertaken, with a further report due to be presented later this term.
- d. Education Development Service -£100k. Additional Standards Fund income has been carried forward from 2007/08. This in turn has freed up some of the non ring-fenced Area Based Grant in 2008/09. It is proposed to vire this budget to help fund the overspend projected within the Behaviour Support Service.
- e. Dedicated Schools Grant Income +£108k. Actual pupil numbers were 20.6 fte (0.1%) less than estimated reducing the DSG by £78k. In addition the carry forward from 2007/08 was £30k less than expected.

65.3 Under the terms and conditions of the DSG any end of year overspend either has to be funded by a contribution from the council's General Fund budget or carried forward and funded from the following financial year's DSG. The current presumption is that the projected net overspend of £174k would be carried forward to 2009/10 and become a first call against the DSG in that year.

65.4 The general fund areas of Children's Services are projecting an overspend of £629k after mitigating action has been taken to hold back expenditure or redirect resources amounting to £170k. The major areas contributing to the overspend are:

- a. Fostering & Independent Fostering Agency (IFA) fees +£177k. The current projection is for an overspend on the overall fostering budget of £277k. The Looked After Children population continues to increase, from 166 at the end of 2007/08 to 194 at the end of the first quarter of 2008/09. Management action has already been taken to try and reduce the impact of this on the General Fund by persuading the Schools Forum to allow an additional £100k to be charged to the Schools Budget (and hence the DSG) reducing the General Fund overspend to £177k. In addition the local fostering programme continues to be developed, which should over time help to reduce dependence on the more expensive IFAs. It is also proposed that the Executive be asked to release the sum of £80k that has been provided in the Corporate Contingency budget which would, if approved, further reduce the overspend to £97k.
- b. Out of City Placements (Care) +£185k. The major impact is from 3 new and unexpected residential placements at a total estimated annual cost of £124k pa (£96k in 2008/09) and two short-term children's home placements costing over £40k in 2008/09.
- c. Children's Care Legal Fees +£170k. Due to a higher than usual number of complex (i.e. expensive) court cases involving York children, together with a general increase in the cost of cases resulting from a national trend for courts to call in more expert witnesses. In addition there is the new impact of changes to public law charges imposed by central government (estimated at £90k for the year). It is proposed that the Executive be asked to release the sum of £142k that has been provided in the Corporate Contingency budget which would, if approved, reduce the overspend to £28k.
- d. Music Service Income +£85k. A projected underachievement of income in the Music Service due to a lower than budgeted number of pupils currently taking music lessons, together with a 5% increase in the income target this year. It is proposed that the Executive be asked to release the sum of £40k that has been provided in the Corporate Contingency budget which would, if approved, reduce the shortfall to £45k.

65.5 If all of the requests to the Executive for release of contingency funding totalling £262k are agreed then the net projected General Fund overspend will be reduced to £367k. Officers will continue to work to identify further savings to bridge the remaining budget gap, including reviewing savings options that are being developed as part of the 2009/10 budget process to identify any that could be implemented prior to 1 April 2009.

65.6 Based on the actuals to date and other information on future expenditure plans and income generation, an assessment has been made by budget managers of the Leisure and Culture portfolio of the likely net outturn for each service plan and cost centre. At this stage in the year there is no reason to suggest that most budgets will not come in at or about the level of the current approved budget. There are though a number of exceptions to this and these variations were summarised in the Annex presented to the EMAP. A net overspend of £57k (0.7%) is currently being projected. Officers will continue to work to identify further savings to bridge the remaining £57k budget gap before the end of the financial year, including reviewing savings options that are being developed as part of the 2009/10 budget process to see if any could be implemented prior to 1 April 2009.

- 65.7 The individual service plan financial monitoring sheets showed that a number of services are initially projecting overspends for 2008/09. For Parks & Open Spaces (+£64k) the service manager has proposed action that should bring the service budget back into line by the end of the financial year. For Libraries & Heritage significant deficits in core budgets have been offset by additional one-off income raised from book sales. Unfortunately, for Sports & Active Leisure the scale of the problem (+£55k), and the nature of the service, means that the service itself has not yet been able to identify savings to contain the projected overspend.
- 65.8 As previously reported to Members a number of valuable obsolete stock items have been sold at auction and raised £95k. The intention is to use this income to support the first phase of redeveloping the central library into a library-learning centre. However, at this stage of the year there is projected to be a significant (£78k) shortfall against the core library income budgets. Furthermore the overall library service budget (excluding the £95k from book sales) is projecting a deficit of £87k and the whole Leisure, Culture & Social Inclusion portfolio is projecting a deficit of £152k (again excluding the £95k from book sales).
- 65.9 As it is the duty of the director and executive member to ensure expenditure is contained within budget for the year, then these projections suggest that there could be very little scope to contribute to the refurbishment project in 2008/09. However, in setting the overall council budget for 2008/09 a sum of £44k was set-aside in the Corporate Contingency budget against a possible shortfall in library income and at some point it may be appropriate to ask the Executive to consider releasing that contingency. In the meantime, given the overall deficit position being reported, no expenditure will be committed against the central library refurbishment project. This position can then be reviewed at the time of the second monitoring report in December.

City Strategy

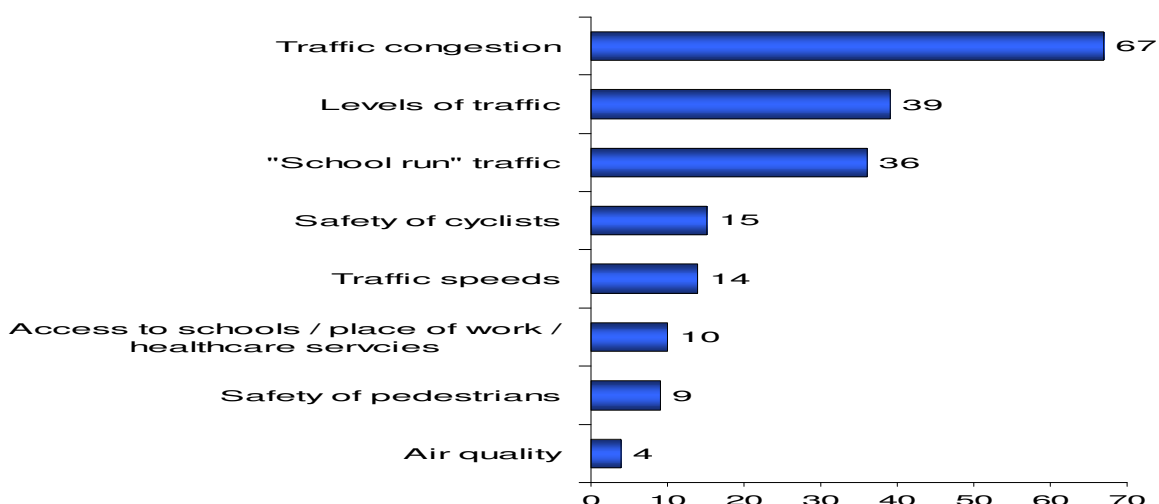
66 *Service improvement and key actions:*

- 66.1 Unemployment: York's unemployment (rate below the regional rate) performed at 1.44% for Q1 2008/09 and has only slightly missed the set target of 1.5% and the 2007/08 quarter 1 figure of 1.5%. York's unemployment rate (below the national rate) is on target but is slightly less than the equivalent period in 2007/08. Both indicators depend on the relative levels of unemployment between York and either the region or nationally. For Quarter 1 regional and national performance has been better than in previous month. The picture may alter as the economic slowdown progresses, when the resilience of jobs in a less buoyant economic climate will be tested. Recent announcements of job losses, particularly in the construction sector, are likely to mean that York has been more adversely affected by recent changing economic circumstances compared to national and regional averages.
- 66.2 Turnover Growth – the balance of firms where turnover has grown rather than fallen is currently performing at 11.4%, which is well below the target of 20% and 2007/08 quarter 1 performance of 21.8%. This indicator relates to the recent sales or turnover performance in York firms. This is part of a continuing trend as consumption by households and firms is under pressure. The council continues to lead on work to identify actions, which will sustain the city through the economic slowdown. These will focus on seeking to assure business and identifying what can be done to support the least well off in York. The work accordingly links with the

Westfield pilot and will be informed by consultation with the Business Forum and organisations in the city concerned with tackling poverty. A report back to the Executive is due on 21st October.

- 66.3 Previously Developed Land - The % of new homes built on previously developed land shows performance of 95.83% for the first quarter of 2008/09 exceeding the government target (65%) due to the large number of homes built on brown field sites. Despite such a good performance if it is compared to quarter 1 2007/08 the percentage of new homes built on previously developed land has fallen slightly which may reflect the consent that has been given for development on several Greenfield sites. It is anticipated that this indicator may not achieve the same levels as in previous years.
- 66.4 York Stadium - York City football club have now decided to approach the Football Foundation about rolling up the interest on their loan which if successful would make a council loan unnecessary. The Executive on the 9th September therefore resolved to appoint a project manager as soon as possible to work on the delivery of a community stadium by 2012. Work will now focus on community consultation, site identification and investigating and establishing a business case, all of which will be incorporated within a project plan.
- 66.5 Street Lights - The average time taken to repair a street lighting fault (in calendar days where the response time is under the control of the local authority) has performed significantly better than both the target of 5 days and the quarter 1 07/08 figure. The new systems implemented in both night repairing and night scouting has resulted in fast response times. That coupled with routine maintenance has seen a very good result.
- 66.6 Park and Ride – passenger numbers have increased by 4% comparing the first 3 months of 08/09 with 07/08 (781,319 compared to 751,732).
- 66.7 Major Transport Issues - Two-thirds (67%) of the July Talk About Survey identified traffic congestion as a major transport issue in York today. Two-fifths (39%) also stated that levels of traffic are a major issue, whilst 36% also said “School run” traffic. (This survey asked for 2 major traffic concerns). Panellists living in Area E (Bishophthorpe, Wheldrake, Fishergate, Fulford & Heslington) were significantly more likely to identify traffic congestion as a major transport issue (80%).

July Talk About Survey - Major Transport Issues



66.8 Admin Accommodation project - A council headquarters update report was presented to the Executive on 9th September, which identified 4 site options to be taken forward for a more detailed appraisal using a range of criteria relating to 'availability', 'deliverability', 'accessibility', 'suitability' and 'affordability'. The outcomes of this work will be presented to the 21st October Executive recommending a reduced number of single or multi site solutions to be taken forward for a full feasibility study.

67 *Resource management:*

67.1 Sickness: Staff absence for City Strategy is 2.91 days per FTE for the first 4 months of this year which is an improvement compared to the same period in 2007/08, (3.17 days).

67.2 Current projections are that the City Strategy directorate will overspend by £228k which represents 0.6% of the gross expenditure. The primary reason for the level of the projected overspend is due to the impact of the economic slowdown on the directorate's income budgets. Projected shortfalls in building control, land charges and Parking income total £566k which can all be partly attributed to economic factors outside the control of the directorate. The other major pressure within the directorate is the shortfall of income from Penalty Charge Notices which is a continuation of a trend for three years.

67.3 The directorate identified the downturn of penalty charge notices as a pressure within the contingency when the budget was set. The level identified in the contingency was £180k compared to the projected shortfall of £220k. The Executive Member has agreed to request that the Executive approve the release of the contingency to support the City Strategy budget. If that is approved a forecast budget deficit will remain totalling £48k.

67.4 There were further areas that the directorate had identified possible requests from the contingency – additional flooding costs (£60k), Dial & Ride service (£46k), warping expenditure (£15k) and Concessionary Fares £200k. Based on the forecasts in this report there is no requirement to bid for any of these items. However in the case of dealing with flooding emergencies and warping these costs are predominantly incurred in the second half of the year.

67.5 Other main expenditure/income variations include reduced expenditure on staffing across the service (£112k), reduced expenditure on concessionary fares and tokens (£180k), increased income from development control (£100k) and the planning delivery grant (£132). In addition the cost of the Council's contribution to the joint waste project is expected to be £200k higher than budget, although this is partially offset by an additional divided payment from Yorwaste of £155k.

67.6 It should be noted that a number of the more high risk budget areas above which the directorate has little control over such as parking income, land charges income, building control income and concessionary fares are based on three to four months of actual data. They will need to be monitored very closely to ensure that if variations change remedial action in other areas of the budget can be recommended in future monitoring reports.

67.7 In the Economic Development area Markets income continues to be a problem. The Executive agreed to a supplementary estimate of £20k to reduce the target in 2008/09 however a forecast of £54k deficit is still anticipated. The popularity of open markets is in significant decline nationally and, in spite of a range of new initiatives designed to increase trading, a loss continues to be made. Further initiatives are being considered. This shortfall has been partly offset within the Markets area by miscellaneous income (£-4k) and a restructure of the staffing arrangements for the markets which is to be effective from October 2008 (£-10k). In addition there are other small savings totalling £17k.

Neighbourhood Services

68 *Service improvement and key actions:*

68.1 Street Cleanliness – an initial survey has reported above target levels of litter (10% of the areas surveyed were unacceptable) and graffiti (8% of areas surveyed were unacceptable). However, we have maintained a high level of performance against target on removal of graffiti and fly-tipping. The average time to remove obscene graffiti has reduced significantly in the first quarter of 08/09 to 1.05 days compared with 1.46 days at the end of 07/08.

a. New Graffiti Website – a new website produced by the safer York Partnership aims to reduce graffiti by building up a catalogue of known graffiti tags around the city. This is a proactive way of dealing with a multi agency shared problem and is only accessible to registered users. It could have significant effect on public perception of crime and disorder by reducing the number of tags and allowing a more joined up approach with regards to catching the person responsible. For more information contact Ian Cunningham at the Safer York Partnership.

68.2 Recycled Waste – York has continued to increase the proportion of waste recycled and composted with a 2008/09 forecast of 45.07% (43.37% in 07/08).

a. A kerbside recycling scheme begins in the Groves area from October 2008. The pilot will allow the Council to learn about containers, access, storage and vehicle issues which can benefit a later roll out to similar properties in other parts of the city.

b. School recycling is now embedded collecting 6 times the amount of waste compared to before the scheme was introduced. 70% of Council office buildings now have recycling in place.

68.3 Missed Bins – York has continued to reduce the incidences of missed bins to 48.8 per 100,000 (50.6 in 07/08), and put 98% of those right by the next working day (79% in 07/08).

68.4 Talk About Survey (July):

a. Satisfaction with the local area - results have remained consistent with the February 2008 results, with four-fifths (81%) of panellists saying that they were satisfied with their local area or neighbourhood. This is the highest level of satisfaction between November 2003 to date.

b. Safe Place to live – July results show 64% of panellists think York is a safe place to live compared to 55% last year.

- c. Anti Social Behaviour - survey asked panellist how concerned they were about anti social behaviour. Half (50%) of the panel are concerned about young people hanging around their local area. This is a decrease of 8% since 2007 (59%). A further 45% are concerned about vandalism in their local area, whilst around a third (31%) are concerned about drunks and drug addicts. Concern with drunks and drug addicts has decreased by 8% since 2007 (39%).

69 *Resource management:*

- 69.1 Staff Sickness – sickness levels have continued to improve with a forecast for 2008/09 to be a loss of between 14 and 14.5 days per fte (15.5 in 07/08. NS have developed a series of staff welfare initiatives aimed at proactively reducing the need for sickness absence.
- 69.2 Health and Safety – A new approach to on-site inspections has been introduced. This provides greater clarity over the respective roles of H&S staff and managers. This is in line with the new corporate role for H&S staff and will ensure more proactive work is done with staff in the field. Work continues on training and communications issues.

General Fund Services

- 69.3 Current projections for the general fund portfolio show an overspend of £214k which represents a variation of 1.4% on the net expenditure budget. If the contingency request is approved this would reduce the general fund overspend to £164k or 1.1% of the net expenditure budget.
- 69.4 Details of the variances were reported to the EMAP, with the significant variances on the General Fund Account being:
 - a. Overall, there is an overspend on fuel of £47k based on current prices.
 - b. Unbudgeted expenditure is forecast relating to security at Towthorpe HWRC due to a series of break ins at the end of the last financial year. Year to date costs amount to £20k and assuming that security is required for the remainder of the year this could total £84k.
 - c. There is an overspend on bin replacements of £62k. There could be further pressure on this budget as prices have increased considerably over the last few months (for example 240 litre bins have increased by 28%) and may continue to rise due to the cost of raw materials and excess demand across Europe. It is requested that £50k is released from contingency for the current increase in costs.
 - d. An overspend on graffiti removal of £32k. This relates to removal of graffiti from public land. The total budget for this service is £46k and the forecast spend is £78k based on a straight line profile from a year to date spend of £19k. However, this overspend is expected to reduce once the work of the newly created Environmental Maintenance Team commences since one of the functions of this team is to assist with graffiti removal. One off funding in this financial year for the creation of this team was agreed at EMAP in June 2008 so the team has not been operational for a full financial year. If the team is successful and Members wish to continue the service beyond 2008/09 funding

will be required either from top slicing the York Pride budget or bidding for additional growth.

- e. Legal fees are forecasting to overspend by £46k, relating to the cost of the Elvington Air Field appeal. The forecast takes a prudent approach and assumes that these costs will not be recovered. If the appeal is successful we could be awarded costs in the region of £100k.

Trading Activity

- 69.5 Current projections for the trading activities show an overspend of £63k. Details of the variances were reported to the EMAP, with the significant variances on the trading activities being:
- a. The Drainage section are forecasting a positive variance/underspend of £177k due to an increase in customer base although this is offset by a £100k under recovery on the Highway Account.
 - b. Commercial Waste are forecasting an under recovery of £90k due to a reduction in customer base.
 - c. Neighbourhood Pride Service are forecasting an overspend in fuel of £50k.
 - d. Overall, within the trading accounts there is an overspend on fuel of £91k, based on current prices.

Housing and Adult Social Services

70 *Service improvement and key actions:*

- 70.1 Credit Crunch - The impact of the "credit crunch" on new house building is a matter of great concern given that the affordable homes programme is so closely linked to new developments. Despite this 47 homes have been secured so far this year and there are some interesting new developments nearing completion – such as the 'Passiv' houses in the Monkton Road area that showcase high insulation and low heating requirements.
- 70.2 Assessment completions: There are concerns about the performance in terms of the completion of assessments for new customers. 45% of assessments have been completed in April to June 08 compared to 72% in 07/08. This is a newly defined indicator and is determined by performance in high volume areas such as occupational therapy, Intake (the team that deals with new social care referrals in the community) and the Hospital based team. A detailed action plan has been drawn up to further analyse the data and to improve performance in the remainder of the year.
- 70.3 Independent living – the number of people supported to live independently through Social Services has improved from last year (1,433 compared to 1,370) and is currently higher than the target (1,440). It is anticipated that further customers using telecare and prevention services during the year will improve performance further beyond the target.
- 70.4 Self directed support - There has been a continued increase in the number of customers using self-directed support (e.g. direct payments or individual budgets)

and the related issue of Personalisation will be a major theme for adult social services in the coming year. More needs to be done in relation to take-up by some groups e.g. people with mental health problems and older people.

- 70.5 Rent arrears - Performance on housing landlord services continues to show steady improvement in terms of reducing rent arrears and the time taken for both urgent (92% completed in time compared to target of 90%) and non-urgent repairs. The already excellent performance on turn round times on empty homes also continues to improve. The planning applications for the redevelopment of the Discus Bungalow sites have been submitted.
- 70.6 Homelessness - The new Peasholme Centre building at Fishergate is due for completion in Spring 2009, and a multi agency plan is being developed for the Resettlement Service. The new Arc Light centre is due for completion by August. Work has been ongoing to ensure that the new service complements work of other projects to maximise the success of the resettlement process.
- 70.7 Housing Repairs – York has continued to improve performance on housing repairs. 91.9% of urgent repairs were completed within government time limits (90% in 07/08). The average time to complete a non-urgent repair fell to 6.96 days (7.97 days in 07/08).

71 *Resource management:*

- 71.1 Staff Sickness - sickness absence continue to reduce with the aim of bringing the days lost per full time employee into single figures within the next 2 years. This would be a reduction of more than 50% on the figures in 2006/7. Work continues on preventing stress in partnership with the Health and Safety Executive and the trade unions. The second phase of the Framework implementation – covering financial processes for residential care – has gone ‘live’.

General Fund Services

- 71.2 The overall departmental position is a projected net general fund underspend of £51k (overspend of £21k on adult social services, a variation of less than 0.1%, offset by underspend of £72k on housing general fund services, a variation of 5%). The key areas brought to the attention of the EMAP were:
- a. Of the growth and savings included within the budget all are currently on target with the exception of one saving within Learning Disability Services. The implementation of cross border protocols whereby customers classified as ordinary resident in other local authorities become that authority’s responsibility. York was originally forecast to pass £150k net expenditure onto other local authorities but several high cost cases have been disputed by the receiving authority resulting in there being a nil effect from implementing this protocol.
 - b. Income has been generated through continuing health care determinations following introduction of the revised national policy and the approach approved by Members in 2007. Overall there are approximately 80 people who have been subject to an application or have been subject to a continuing care assessment over the period since October 2007, when the revised national policy was implemented. The evidence to date suggests that the investment in dedicated care management has ensured that sufficient income has been achieved to

cover the cost of the posts and required savings, approved during the budget setting. This reflects 38 determinations resulting in full continuing healthcare funding being awarded and seventeen joint funding packages of care agreed with the Primary Care Trust. The anticipated continuing health care funding is reflected in the first budget monitor.

- c. Within the application of the policy, the Learning Disabilities team have, been extremely successful in applying for Continuing Health Care funding. £534k was received in 07/08 but the forecast for 08/09 is £892k, an increase of £358k, which more than offsets the income and savings targets described earlier and brings the service back within budget.
- d. Members should note that there are continued pressures in Learning Disabilities due to the increase in both the number of customers (young people coming into adult services and older people living longer) and the complexity of their needs. This trend is set to continue for the foreseeable future and is a part of a national pattern (an 11% increase in the number of adults in England with a learning disability is expected in the period 2001 to 2021).

71.3 Large (over £100k) under/overspends were identified within the service areas include overspends on direct payments and transportation of customers within the Learning Disabilities area offset by underspends on complex cases and residential and nursing. Within the budgets for Older People and Physical Disability overspends for community support, Intake and North Social Work team (due to the use of agency staff) and EPH pay and repair and maintenance costs were partially offset by underspends on the cost of In House Home Care and additional income within the EPH area.

71.4 As part of the 2007/08 budget report a possible contingency item for £275k was identified in respect of the repayment of customer contributions towards health care costs. A legal opinion is currently being sought with regard to the council's liability in this matter and the outcome will be reported to the Executive as soon as the outcome is known.

Housing Revenue Account (HRA)

71.5 The original 2008/09 budget reported to members on 14th January 2008 had a working balance of £6,960k. After a number of budget adjustments, including the allocation of recharges and insurances, the balance on the HRA is now estimated to be £7,431k. This increase is mainly due to the higher than forecast balance brought forward into 2008/09 from 2007/08. This review indicates a net underspend of £51k which, together with the budgeted balance of £7,431k, now gives a total estimated balance on the HRA of £7,482k. The variances reported to the EMAP included overspends totalling £480k the main area being repairs and maintenance, principally plumbing and roofing, amounting to £352k. There were also underspends totalling £531k. These included increased rent income due to a reduction in right to buy sales and lower voids, reductions due to staff vacancies and £200k additional income from interest earned due to having a higher than forecast working balance.

71.6 Members are reminded that it is illegal to budget for a deficit on the HRA and that the HRA is 'ring-fenced' so that any deficit cannot be made up by contributions from the general fund, nor can any surpluses be used to aid general fund services. Further, the District Auditor has highlighted that the HRA is vulnerable to changes in

income and expenditure and without a surplus it is less able to meet unforeseen contingencies. He has recommended that the HRA be kept under review and that adequate cover against unforeseen contingencies is maintained.

Resources directorate

72 *Service improvement and key actions:*

- 72.1 Benefit Claims - The processing times for benefits claims continues to improve and the service is achieving a standard above the national average with claims for housing and council tax benefit now taking on average 16 days to process as compared to 19 days last year.
- 72.2 Council Tax - collection rates are on track despite a further increase in the performance target to 97.5%.
- 72.3 Replacement of our Financial Management System (FMS) - This month Civica Consultants have been supporting workshops with senior managers and system users to analyse the level and impact of business change that will result from replacing the system. Work has also been ongoing to raise the profile of the project with management teams and corporate leaders, highlighting the opportunities for improvement that the new system will provide and the degree of change that it will bring about. Members will be aware that there has been a significant turnover of senior staff within the Resources Directorate who were key stakeholders and this has had an inevitable impact on the project. The Director of Resources is now in post and is reviewing the project management arrangements and implementation plans to ensure a successful implementation.
- 72.4 YCC - are answering more telephone calls, more quickly (94% within 20 seconds) whilst maintaining call quality. Over the quarter, the rate of abandoned calls was just 1%, the call centre industry norm is 5%. A total of 21,924 service requests were logged. All this has been achieved during a period of internal change with a full restructure of the benefits service in progress and revised team structures and reporting lines being implemented for the Council Tax back office and YCC.

73 *Resource management:*

- 73.1 The forecast financial position at this stage, an underspend of £113k comprising an underspend on Resources of £301k and an overspend of £188k on Property Services, is relatively satisfactory although there are a number of issues that need to be drawn to Members attention. The forecast underspend is due primarily to savings identified within Information Technology and Telecommunications (IT&T) service plan area partly due to efficiency improvements but also due to funded projects being cancelled. The forecast overspend in Property Services is a concern however in previous years increased workload in the second half of the year have led to the outturn being closer to budget. Details of all major variances were presented to the EMAP and summarised below:
- a. Director - A projected underspend of £25k representing the temporary vacancy of the Directors post.
 - b. Public Services - An overspend of £30k is forecast. This takes into account additional costs incurred due to the embargo on staff changes and delays in Job

Evaluation, while implementing the benefits restructure. A provision for the corporate saving target of £85k is also included in this service. The additional costs are being offset by a improvement in benefits overpayments where work has been focussed on reducing fraudulent claims.

- c. Financial Services - The overspend of £26k primarily reflects the additional costs associated with the interim arrangements for covering the Head of Finance position.
- d. Audit and Risk Management - The service shows an anticipated underspend of £63k, which reflects several minor variances
- e. IT&T - This forecast underspend of £260k is made up of a number of factors including project slippage of £57k, a cancelled project, and a £100k saving as a result of work being completed in-house.
- f. Easy & York Project is projecting a small underspend of £9k, which reflects the position for both phases of the Easy Programme.
- g. Property - There is a projected overspend of £188k. This is due to forecast a shortfall of £66k within the Strategic Business and Design section as well as shortfall of income within the Commercial Property portfolio £51k and administration accommodation portfolio £86k.

Chief Executive's

74 *Service improvement and key actions:*

- 74.1 Satisfaction with the Council - 65% of July talk about survey panellists are satisfied to some degree with the way the council runs things. Satisfaction has therefore remained stable since the previous survey (60%) and since the same period last year (59%). However since the same period 2 years ago there has been significant improvement (48%).
- 74.2 Pay & Grading review - At the time of writing this report the position on implementation of the new pay and grading system is uncertain. The initial ballot of trade union members has resulted in a rejection of the offer and therefore immediate implementation by backdating to 1st April 2008 is currently not an option. Further negotiations with the trade unions are planned with a view to having a further ballot in the near future, if this results in a 'yes' vote implementation in the current financial year is still a possibility, however if there is a second 'no' vote then the scheme cannot be introduced until well into 2009/10. In terms of financial implications the costs of implementing the scheme remain uncertain until a clear way forward is determined both in terms of project team costs and the base costs of implementing the model itself. Further updates will be brought before members when the position becomes clear.

75 *Resource management:*

- 75.1 Health and Safety - The number of accidents reported to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) regulations during April – June 2008 was 13. This is in comparison to 23 in the same quarter in 2007/8, but it is possible that over-reporting took place then as a result of staff training on the then new policy. However, it is also a welcome reduction from the 2006/7 total of 16.

75.2 Expenditure is currently projected to out-turn with an overspend of £105k (0.95% of the gross expenditure budget). The key variations reported to EMAP are:

- a. Cost of unbudgeted Head of Human Resources (£+85k), although this was approved on the basis that it would be funded from within the directorate. The restructure within the Performance Improvement Team has allowed a virement of £65k to be actioned. The remaining £20k being funded by an increase in the assumed recruitment pool.
- b. Consultancy costs supporting the Health and Safety function prior to the appointment of a new manager £67k
- c. Projected surplus from the recruitment pool (£-90k)
- d. Non forecast achievement from letting advertising on council boundary signs (£+20k)
- e. Continued forecast shortfall from the Print Unit (£+50k).
- f. Additional cost of Member Allowances following the decision to allow access to the superannuation scheme (£+20k)
- g. Staffing savings resulting in vacancies within democracy and committee services (£-61k)

75.3 Included in the overspend is a projected cost of £20k in allowing Members access to the superannuation scheme. A provision of £50k was identified in the budget to fund this however was placed into the contingency subject to determining how many members would join the scheme. To date 11 Members have joined the scheme which and at this level the cost to the council is £20k. EMAP have requested that a supplementary estimate of £20k is granted to fund this pressure. If the request is granted the projected overspend reduces to £85k. It should be noted at the comparable report in 2007/08 a budget overspend of £91k.

75.4 The Directorate Management Team have looked to consider how the budgeted overspend can be brought back into balance. All of the members of the Management Team have been tasked to bring forward proposals that will provide savings for the Directorate without impacting on key deliverables. The actions proposed include to review all vacancies to determine whether posts need to be filled, look to bring shortfall income forecasts in Marketing and Communications closer to budget. The Head of Marketing and Communications is optimistic that the possibility of additional work and a revised price structure at the print unit will lead to improved profitability.

75.5 It is considered that by taking the above action the forecast overspend should be reduced. The budget will continue to be monitored closely and the result of the management action will be reported back to the EMAP as part of the second monitoring report in December.

Consultation

76 CMT & Executive members will consider this report in a joint monitor session on the 14th of October. The key actions and recommendations from that session will be disseminated to the relevant service areas via their director.

Analysis

77 All the analysis of service performance, progress on key actions and the financial position of the Council is included in the body of the report.

Corporate priorities

78 The proposals included in this report are designed to demonstrate progress on achieving the Council's corporate strategy and the priorities set out in it. It also provides evidence of the co-operation between CMT and the Executive in working together to drive forward prioritised improvement and address performance, delivery or financial issues of corporate concern.

Implications

79 The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources - there are no specific human resource implications to this report, but it does contain important information on staff management and welfare.
- Equalities - there are no equality implications to this report
- Legal - there are no legal implications to this report
- Crime and Disorder - there are no specific crime and disorder implications to this report, but it does provide the Executive with crucial performance information to inform future resource allocation.
- 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

80 The overall theme of this report supports strategic risk management across the Council. It provides Executive members with customised performance and budget information, based on high priority (or high-risk) areas of service delivery and performance. Any resource redirection or corporate attention will itself be based on the concept of managing risk.

81 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. As with any budget the key to mitigating risk is prompt monitoring of income and expenditure and appropriate management control. As such regular updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

82 The detailed analysis of directorate spending pressures are addressed within the individual EMAP reports and then summarised within this joint monitor. However, in terms of effective risk management there is also a need to ensure that the council remains clearly focussed upon those items which could have a significant and lasting impact on the financial standing of the council. To help address such risks, the budget planning process includes the identification of events that may need funding from the council's contingency budgets. These items, and allocations to date, are detailed at Annexes 8 and 9.

83 In order to help the Executive clearly address the main threats facing the council the significant events identified to date have been split into two categories. In this context those items which could, if not successfully managed, have an impact on the financial standing of the council as a whole have been included here as Red Risks, whilst those which could have a significant impact on an individual portfolio have been reported as Amber Risks.

	Para.	Value £'000	Identified in Contingency £'000
Red Risk			
Fuel inflation - both general fund for heating, etc., and trading activity for vehicles	47 69.5	390	0
Job Evaluation	50		0
TOTAL			
Amber Risk			
Land charges and building control income	38d	410	0
Waste strategy procurement	38e	200	0
Commercial property income	39c	60	0
Cross border protocol	39d	150	50
Out of City placements	39e	248	0
Trade waste fees	39f	65	0
TOTAL			

84 The Executive also needs to note the reliance that this monitoring report places upon underspends on corporate budgets, especially treasury management. If the council is to maintain a balanced position in the medium to long term then there remains a need for services to identify and address the underlying causes of departmental overspends. This requirement will be a key aspect of the 2009/10 budget process.

Recommendations

85 Members are asked to:

- a) note the performance issues identified in this report.

Reason: So that corrective action on these performance issues can be addressed by Directorates and EMAPs.

- b) Consider the applications for supplementary estimate requests of £512k to be funded from the contingency fund, as set out in paragraph 51 and Annex 8, and decide whether, or at what level, to grant approval.

Reason: In accordance with the Executive's Constitutional powers to make decisions on the level and granting of supplementary estimates.

- c) Members are requested to note the movements in the Prudential Indicators as set out in Annex 12.

Reason: To ensure the continued performance of the Council's Treasury Management function.

Contact Details

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Specialist Implications Officer(s) None

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

All

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Background Working Papers

Reports to individual EMAP meetings

Annexes

Annex 1 - Staff Performance

Annex 2 - Customer First Statistics

Annex 3 - General Fund Net Expenditure Budget

Annex 4 - Variations on Treasury Management Activity

Annex 5 - Details of Other Centrally Held Budgets

Annex 6 - Growth Schemes in 2008/09

Annex 7 - Savings Proposals in 2008/09

Annex 8 - Position on General Contingency

Annex 9 - Position on Contingency Items to be funded from Reserves

Annex 10 - Reserves Position and Forecast

Annex 11 - Venture Fund

Annex 12 - Review of Prudential Indicators