



Notice of meeting of

Executive

To:	Councillors Steve Galloway (Chair), Sue Galloway, Jamieson-Ball, Macdonald, Orrell, Reid, Runciman, Sunderland and Waller
Date:	Tuesday, 16 January 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 15 January, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 18 January, 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. Minutes (Pages 1 - 6)

To approve and sign the minutes of the Executive meeting held on 19 December 2006.

3. Exclusion of Press and Public

To consider excluding the press and public from the meeting during consideration of Annex B to agenda item 7 (Capital Programme – Monitor Two) and Annex 6 to agenda item 9 (Capital Programme Budget 2007/08 to 2010/11), on the grounds that they contain information relating to the financial or business affairs of particular persons, which is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

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 **10:00 am on Monday 15 January 2007**.

5. Executive Forward Plan (Pages 7 - 8)

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

6. Second Performance and Financial Monitor - 2006/07 (Pages 9 - 84)

This report provides details of the headline performance issues from the performance monitor session held on the 21st December 2006, presents the latest projection of the Council's revenue income and expenditure for the current year, and asks the Executive to consider requests for virements and supplementary estimates.

7. Capital Programme - Monitor Two (Pages 85 - 102)

This report informs the Executive of the likely outturn position of the Council's 2006/07 Capital Programme, based on the spend profile and information to November 2006, seeks approval for slippage and presents options to fund overspends.

8. Revenue Budget 2007/08 to 2009/10 (Pages 103 - 194)

This report presents the Council's Revenue Budget proposals for 2007/08 and details the potential financial position for the Council in 2008/09 and 2009/10.

9. Capital Programme Budget 2007/08 to 2010/11 (Pages 195 - 220)

This report sets out the Council's proposed capital budget for the period 2007/08 to 2010/11, highlights capital bids from departments that have been through the revised Capital Resource Allocation Model (CRAM) process and provides options to allow the Council to achieve a balanced four year capital programme.

10. Treasury Management Strategy Statement and Prudential Indicators for 2007/08 to 2010/11 (Pages 221 - 238)

This report asks the Executive to recommend to full Council the proposed Prudential Indicators for 2007/08 to 2010/11, an integrated Treasury Management Strategy Statement, and the use of Lender Options Borrower Options (LOBOs) for debt restructure purposes.

11. Amendments to Council Constitution (Pages 239 - 244)

This report asks the Executive to consider recommending to full Council an amendment to the Council's Constitution, to enable the Monitoring Officer to review, monitor and amend the Constitution more effectively in the longer term.

12. Lord Mayoralty 2007-2008 (Pages 245 - 248)

This report asks the Executive to consider which of the political groups should be invited to appoint the Lord Mayor for the municipal year 2007/2008.

13. Urgent Business

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

Democracy Officer:

Name: Fiona Young

Contact details:

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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.

City of York Council

Committee Minutes

MEETING	Executive
DATE	19 December 2006
PRESENT	Councillors Steve Galloway (Chair), Sue Galloway, Jamieson-Ball, Macdonald, Reid, Runciman and Sunderland
APOLOGIES	Councillors Orrell and Waller

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS**125. Declarations of Interest**

The Chair invited Members to declare at this point any personal or prejudicial interests they might have in the business on the agenda. Cllrs Reid, Macdonald and Jamieson-Ball each declared a prejudicial interest in agenda item 6 (York West Swimming Facilities), as members of the Planning Committee which would consider any planning application arising from the Executive's decision on this item. They all left the room during consideration of this item and took no part in the discussion or decision thereon.

126. Minutes

RESOLVED: That the minutes of the Executive meeting held on 5 December 2006 be approved and signed by the Chair as a correct record.

127. Public Participation

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

128. Executive Forward Plan

Members received and noted an updated list of items included on the Executive Forward Plan at the time the agenda for this meeting was published.

129. Minutes of Local Development Framework Working Group and Economic Development Partnership Board

Members considered a report which presented the minutes of the meetings of the Local Development Framework (LDF) Working Group held on 26 September, 17 October and 7 November 2006 and the meeting of the Economic Development Partnership Board held on 26 September 2006.

The report drew attention to the recommendations to Executive made by the LDF Working Group on 26 September in respect of the Draft Housing Market Assessment (Minute 13), as follows:

“(ii) [That the Executive be recommended to]:

- Authorise the publication of the 2006 draft Housing Market Assessment for use as part of the evidence base for the LDF, until such time as the updated HMA is finalised;
- Use the findings of the HMA regarding the required mix and type of dwellings for development control purposes in the context of policy H3c.”

It was noted that the recommendations made by the Group on 7 November regarding the LDF Statement of Community Involvement (Minute 21) had already been dealt with via a direct report to Executive and subsequent recommendations to full Council on 30 November.

Having noted the comments of the Shadow Executive on this item, it was

RESOLVED: That those recommendations of the Working Groups requiring Executive approval be agreed.

REASON: In accordance with the requirements of the Council's Constitution in relation to the role of Working Groups and the Economic Development Partnership Board.

130. York West Swimming Facilities

Members considered a report which asked them to agree a way forward for either refurbishing or replacing the Edmund Wilson swimming pool, following a consultation exercise on this issue.

In February 2006, the Executive had agreed a leisure facilities strategy enabling the use of capital from the sale of the Barbican site to modernise swimming facilities in the City. A repairing scheme for the Edmund Wilson pool had already been drawn up following a previous major building survey and a feasibility study on the construction of a new pool at the Oaklands site had since been undertaken, between May and September 2006. This study had identified 3 options for rebuilding at Oaklands, namely:

Option A – an independent pool hall on the former Pupil Referral Unit site, with no link to the sports centre;

Option B – a pool hall fully integrated into the new sports facilities, with a central reception hub through rebuild of the sports hall;

Option C – an independent pool hall constructed against the gable end of the existing sports hall.

Option C was recommended, on the grounds that it would create integrated swimming and sports facilities that could be managed by a single staff team, thus achieving efficiency savings, and would be less disruptive to existing facilities during construction. Consultation had therefore been carried out using this option against that of repairing the Edmund Wilson pool. The results of consultation were presented in Annex 2 to the report, which had been circulated after publication of the Executive agenda, on 13 December. These indicated that the majority of

respondents (59.7%) were in favour of the new build at Oaklands option, whilst the refurbishment option was supported by 23% of respondents. 18% wanted the Council to seek an alternative site for the pool. A breakdown of responses by area showed that 67.2% of West York residents were in favour of the new build option, compared to 43.6% of residents of other areas of the City. With reference to paragraph 5.2 of Annex 2, Officers reported that a constructive meeting had been held with York City Baths Club and further meetings were planned.

In response to the comments of the Shadow Executive on this item, Members noted that the consultation had been extensive and showed a clear majority in favour of the new build at Oaklands (the future York High School site). Consultation would be carried out on the east side of the City in due course with regard to the refurbishment of Yearsley pool and the proposed provision of new swimming facilities in partnership with the University of York.

RESOLVED: (i) That, in the light of the results of the public consultation, Option C at the Oaklands site be selected as the preferred location and way forward for modernising swimming and leisure facilities (including an enhanced gym and crèche) on the west of the City, and that Officers be instructed to expedite the submission of a planning application for the work, recognising the advantage of undertaking, at the same time, all building work scheduled for the York High School site.

REASON: To create excellent swimming facilities on the west side of York, in line with the agreed strategy.

(ii) That the proposed agreement with the University of York, involving a partnership approach to providing new swimming facilities in the south of the City, be supported.

REASON: In order to deliver a comprehensive new sports facility located in the south of the City.

(iii) That Officers be requested to pursue, as quickly as is practical, the plans for refurbishment of the Yearsley pool.

REASON: To ensure that this essential work is completed with minimum disruption and at an appropriate time.

PART B - MATTERS REFERRED TO COUNCIL

131. Local Government Pension Scheme (LPGS) - Scheme Changes and Local Discretions

Members considered a report which reviewed the Council's current arrangements for early retirement and redundancy, in the light of changes to the LGPS and the introduction of age discrimination legislation, and proposed amendments to these policies as a result. The Executive were

asked to consider whether to recommend the proposals to full Council for approval.

Details of the Council's current policies were set out in paragraphs 5-11 of the report. Changes to the LGPS arising from government legislation effective from 1 April 2006 were discussed in paragraph 12, while further changes proposed from 1 April 2008 and contained in draft legislation were outlined in paragraphs 13-15. The report then set out Officers' recommendations for changes to Council policy. These included the following, in respect of which alternative options were presented but not recommended:

1. Replacement Policy for Redundancy Pay:

Option A – award all employees an additional number of weeks redundancy pay (subject to the 30 week maximum). Not recommended, due to the strain it would put upon the early retirement and redundancy budget.

Option B – calculate redundancy pay using the statutory tables, with a 30 week maximum. Recommended.

2. Early Retirement under the “85 year” rule:

Option A – allow all employees the option to elect to retire early and receive actuarially reduced pension benefits. Not recommended due to costs and potential disruption to service areas / increased staff turnover.

Option B – adopt a range of formal criteria under which to consider requests for early retirement. Not recommended, due to problems in achieving objectivity and risk of challenge and subsequent costs when requests refused.

Option C – remove the option to retire at age 58 (now deemed discriminatory) and align the early retirement policy with the provisions of the NYPF and the TPS, enabling members of the North Yorkshire Pension Fund (NYPF) to elect to retire from age 60. Recommended.

3. Transitional Arrangements (should Option C under 2. above be approved):

Option A – remove the current policy with effect from 1 March 2007.

Option B – allow early retirements up to 31 August 2007.

Option C(i) – allow all employees aged 57 at 31 August 2006 to elect to retire early if they reach the 85 year rule by 31 August 2009.

Option C(ii) – allow all employees aged 57 at 31 August 2006 to elect to retire early if they reach the 85 year rule by 31 August 2008.

Option C(iii) - allow all employees aged 57 at 31 December 2006 to elect to retire early if they reach the 85 year rule by 31 August 2009. Recommended, as the fairest option both for those employees who currently qualified to leave and for those approaching qualification.

Further recommendations, on the policy to be adopted in respect of ill-health retirements, flexible retirement and added years / augmentation, were set out in paragraphs 26 to 33 of the report.

Officers provided an update on the position of UNISON, who had not yet formally responded but had suggested that there should be a longer transition period for removal of the 85 year rule. They had been advised

that this might be more likely to breach age discrimination legislation. In response to the comments of the Shadow Executive on this item, Officers confirmed that the Council would continue to provide support and advice to staff facing redundancy and that Corporate Management Team was fully in favour of a flexible retirement policy but would require further advice from Government or other council schemes before this could be taken any further.

RECOMMENDED: (i) That a revised policy for redundancy payments be introduced, based on the award of up to 30 weeks of actual pay, calculated using the Statutory Redundancy tables (Option B under heading 1. above)..

REASON: The current policy of awarding 5 additional weeks of compensation to those aged 40-49 falls foul of age discrimination legislation.

(ii) That the new policy for redundancy payments become effective from 1 April 2007 and that any enhanced quotes given under the current policy be honoured for redundancies falling after 1 April 2007.

REASON: The current policy of awarding 5 additional weeks of compensation to those aged 40-49 falls foul of age discrimination legislation.

(iii) That approval be given to:

- a) Remove the current policy allowing any employee aged 58 or more to retire before age 60 when their age and service total 85 or more, thus realigning employees' early retirement options with the provisions of their Schemes (age 60 for members of the LGPS and age 55 for members of the TPS) (Option C under heading 2. above).
- b) Adopt transitional arrangements which will allow all those employees who are aged 57 by 31 December 2006 and would have met the "85 year rule" by 31 August 2009 to retire early on unreduced pension benefits in the period up to 31 August 2009 (Option C(iii) under heading 3 above).
- c) Allow exceptions to this policy to be considered by an Appeals Board consisting of the Pensions Officer, Head of Human Resources, Director of Resources and relevant directorate representative (or suitable delegates).

REASON:	<p>To provide suitable arrangements in place of the 85 year rule, which has been deemed to be age discriminatory and has been removed from the LGPS.</p> <p>(iv) That a formal policy be introduced for processing ill-health retirement requests from deferred members (i.e. ex-employees), limiting the number of occupational health referrals paid for by the Council.</p>
REASON:	<p>The Council currently has no formal policy in this area.</p> <p>(v) That flexible retirement, offered under the terms of the LGPS, be refused in the short term, whilst further research and analysis is undertaken as part of the review of work-life balance to be undertaken by Corporate Human Resources. The Council would reserve its discretion to act outside this policy, with exceptions being considered by the Appeals Board.</p>
REASON:	<p>Under the terms of the LGPS, the Council is obliged to have a policy under which it can exercise its discretion in this area, even if its discretion will be used to not adopt a policy. Flexible retirement is a complex area and considerable work will need to be undertaken before further proposals can be put before Council.</p> <p>(vi) That the Council will not normally give a compensatory award of up to 104 weeks' pay on retirement and that exceptions must be considered by the Appeals Board, with any costs arising from an exception to be borne by the sponsoring department.</p>
REASON:	<p>The award of compensatory added years has been replaced by the discretion to award up to 104 weeks of pay.</p> <p>(vii) That authority be delegated to the Director of Resources, in consultation with Corporate Human Resources and the Pensions Officer, to approve the written statement of local discretions which must be lodged with the North Yorkshire Pension Fund.</p>
REASON:	<p>The Council is required to have a written statement of how it will exercise certain discretions under the rules of the Local Government Pension Scheme.</p>

S F Galloway, Chair

[The meeting started at 2.00 pm and finished at 2.25 pm].

Executive Meeting 16 January 2007

EXECUTIVE FORWARD PLAN

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
Parking Review	Damon Copperthwaite	Deferred due to incomplete data at this time.	30/1/07
Future of the Archives	Charlie Croft	Deferred to allow sufficient time to evaluate tenders.	30/1/07
Efficiency Programme, including Strategic Procurement Programme	Simon Wiles	Report not yet finalised by Officers due to other work priorities	30/1/07
Child Protection Policy	Pete Dwyer	Deferred	27/2/07
Children and Young People's Plan	Patrick Scott	Deferred	27/2/07

Table 2: Items scheduled on the Forward Plan for the Executive Meeting on 30 January 2007

Report	Author	Current Position	Likely Revised Date
Parking Review	Damon Copperthwaite	Deferred from 16/1/07	N/a
Future of the Archives	Charlie Croft	Deferred from 16/1/07	N/a
Efficiency Programme, including Strategic Procurement Programme	Simon Wiles / Liz Ackroyd	Deferred from 16/1/07	N/a
Data Protection Policy	James Drury	Deferred from 10/10/06 and 19/12/06	N/a
Information Governance Strategy	James Drury	Deferred from 12/9/06 and 19/12/06	N/a
Corporate Asset Management Plan	Philip Callow	Deferred from 26/9/06, 24/10/06 and 5/12/06	N/a

Combined City and Parish Council Elections	Elizabeth Ellis	Deferred from 5/12/06	N/a
Acomb Library / Learning Centre	Philip Callow	Deferred from 19/12/06	N/a
Race Meeting Review	Peter Evely	Deferred from 5/12/06 and 19/12/06	N/a
Park and Ride Service Provision - Options	Tony Clarke	Deferred from 19/12/06	N/a
Ward Committee Budgets	Terry Collins	On schedule	N/a
Quality Bus Controls	Terry Walker	On schedule	N/a
Settlement for LTP	Julie Hurley	On schedule	N/a

Table 3: Items scheduled on the Forward Plan for the Executive Meeting on 13 February 2007

Report	Author	Current Position	Likely Revised Date
Scrutiny Report – Guidance on Sustainable Development	Ruth Sherratt	Deferred from 5/12/06	N/a
Thin Client / Competition Strategy	Simon Wiles	Deferred from 21/11/06 and 19/12/06	N/a
Children and Young People’s Plan	Patrick Scott	Deferred from 16/1/07	N/a
Child Protection Policy	Pete Dwyer	Deferred from 5/12/06 and 16/1/07	N/a
Future of Connexions Service	Murray Rose	Previously on Forward Plan for Children’s Services EMAP on 22/1/07.	N/a
LDF Scheme	Martin Grainger	On schedule	N/a
York Central / British Sugar Action Plan	Ann Ward	On schedule	N/a



Executive

16 January 2007

Joint Report of the Chief Executive and Head of Finance**Second Performance and Financial Monitor - 2006/07****Purpose of the Report**

- 1 This report provides details of the headline performance issues from the performance monitor session held on the 21st December 2006. It also builds on this to present the latest projection of the Council's revenue income and expenditure for the current year.

Background

- 2 The Council's Management Team and Executive regularly review performance to check progress on service and corporate strategy delivery. This is monitored from three separate perspectives:
 - Progress on our corporate *priorities*.
 - A *corporate health* check for the Council (i.e. finance, staff, LPSA2, CPA and Customer First statistics)
 - Key performance issues of corporate significance from *directorates*.

This second monitor session also considered a special item regarding progress on Future York Group, which has been set up to tackle the recent job losses in the city.

- 3 Details of what was discussed at the session, together with all the presentations and performance data used, can be found on the Council's intranet site under '*Documents & Information/Council/performance information & management*'.

Progress on corporate priorities

- 4 In June 2006 the Executive approved a Corporate Strategy, consisting of 13 priorities which provide direction and focus to the rest of the Council over the next 3 years. The strategy is also intended to provide the focus for corporate performance monitoring.
- 5 A champion has been appointed to lead performance improvement and change for each of the 13 priorities. Draft Delivery & Innovation Plans (DIPs) are now being produced, setting out key actions and measures for each of these priorities. In future monitors these will be used to check progress and improvement.
- 6 In the meantime, this report provides details on 2 of the priorities led by the Director of Neighbourhood Services, which have been developed around York Pride and Safer City:
 - Priority 3: Improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible places.

- Priority 4: Reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York.

Progress on priority 3 – York Pride

- 7 Indicators for the majority of performance areas under this priority have continued to show an improving trend over the past 3 years. The scorecard in Annex 1 sets out the latest data for monitor 2. Performance data for 6 out of the 18 indicators are survey based and will not be available until monitor 3 in May 2007. This lack of in-year performance data will be addressed when the Delivery & Innovation Plan for this priority is completed.
- 8 There are a number of notable performance areas to mention for monitor 2, including some key satisfaction results:
- Litter: the first 'provisional' survey results for BVPI 199a (% of land and highways with combined deposits of litter and detritus) are now available and show a 1.5% improvement on last year's outturn of 22% (currently running at 20.5%).
 - Graffiti: the provisional result for BVPI 199b (the % of land and highways where unacceptable levels of graffiti are visible) also shows significant improvement (5.5% compared to 7.8% last year). However, similarly this only achieves 3rd quartile performance when compared against Audit Commission data. The average response time for removing obscene graffiti is still well under 2 days (currently 1.27 days compared to 1.98 days achieved last year). Similarly, non-obscene graffiti removal is also well under the 4-days standard (currently 2.49 days compared to 4.94 days achieved last year).
 - Abandoned cars: the % of abandoned cars removed within 24 hours, from the point of being legally able to do so, has dropped slightly since monitor 1 (94.82% from 97.29%). Nevertheless, performance for 2006/07 is expected to improve significantly on the 89% achieved in 2005/06. Current forecasts show that we should achieve the 2006/07 target of 95%. The % of new reports of abandoned cars investigated within 24 hours of notification continues to perform at nearly 100% - well in excess of the already challenging 2006/07 target of 95%.
 - Fly-tipping: the average time taken to remove fly-tips is now performing under the very challenging DEFRA 2-day standard (1.87 days).
 - Resident satisfaction: satisfaction rates with the York area and local neighbourhood areas have both risen by 1% since last year. Conversely, satisfaction with the condition of roads and pavements has declined from 56% to 51%.
- 9 Further improvement work for this priority is continuing over the rest of 2006/07, including the development of new 'street scene' customer standards; a comprehensive review of street cleaning/grounds maintenance services and improving the links between ward budgets and local improvement requirements.

Progress priority 4 - Safer City

- 10 The latest Talkabout survey figures show a continued increase in the number of people feeling York is a safe place to live (55% - a rise of 6% since 2004). Over the past 4 years all the crime and safety perception survey results have shown significant improvement, which contrasts with rising levels of crime across the rest

of the country. This may be due to the fact that crime in York continues to reduce in some of the most important category areas (see table 1 in Annex 2).

- 11 Table 2 shows the indicators are taken from the British Crime Survey, against which all Crime and Disorder Reduction Partnerships (CDRPs) are measured. The indicators shown in table 2 are used to show progress against the national crime reduction target of a 15% reduction by 2008. Regionally, this translates to an 18% crime reduction. However, York is in the high crime quartile of CDRPs, and as a result we have an overall crime reduction target of 24.1%.
- 12 Last year, the regional performance was 14% but this has now slipped to 11.7% for this year. Over the last 12 months, crime has increased significantly in South Yorkshire, flattened out in West Yorkshire. Although York and North Yorkshire have continued to see reductions in crime figures, the overall numbers are too small to impact heavily on regional performance.
- 13 It is evident from the year to date figures shown in Annex 2 that excellent reductions have been achieved across all crimes with the exception of theft from a vehicle. Violent crime has been an area of concern for some time, but this has now seen substantial reductions, largely due to:
 - combined efforts of North Yorkshire Police sustaining their Operation Claw, operating high visibility patrolling at weekends;
 - injections of substantial funding from the Home Office for the Alcohol Misuse Enforcement Campaign (AMEC);
 - partnership support delivered through the Safer York Partnership's Nightsafe Task Group.
- 14 Whilst the AMEC funding is not likely to continue, the Nightsafe Task Group are utilising other funding (e.g. SSCF & LPSA2) to continue their work to tackle violent crime, particularly that related to alcohol.
- 15 Cycle theft, has always been a problem in York but despite peaks and troughs of offending activity has not seen an increase this year compared to last. Safer York Partnership and North Yorkshire Police have run a significant cycle tagging operation centred on key target groups such as users of cycle parking in the city, universities and the hospital. So far this has resulted in over 2,500 cycles being tagged, generating income through the sale of tagging kits.
- 16 Theft of vehicles has decreased, largely due to the Council's efforts to improve security in car parks, combined with significant targeting of known vehicle crime offenders. However, theft from vehicles has seen a significant increase. This is largely due to a vast increase in the number of Satellite Navigations systems being stolen from vehicles. Activity to target these offences is continuing, including the use of tracker systems in Satellite Navigation equipment, promotion of Smartwater and continued messages to the community, asking them to remove the equipment when parking their vehicles.
- 17 The Government Office has congratulated the partnership on changing its delivery structure to incorporate the principles of the National Intelligence Model. From 2007 this will become a requirement for all CDRPs and one in which York will have a clear head start. The increased participation of all partners in developing initiatives

to tackle the key crime types seems to be successful. Over the last six months we have seen continued reductions in crime, where elsewhere in the country crime is increasing.

- 18 Further work on targeting offenders through the Priority Offender Scheme, together with continued partnership working to help gather evidence to support ASBOs on conviction, should assist in achieving further reductions.

Staff performance

- 19 Sickness absence levels across the council are continuing to fall (see annex 3). Sickness levels corporately are running at 5.69 days per FTE for the first two quarters compared to 5.88 days for the same period in 2005/06. Although short-term sickness has fallen by 0.4 days per FTE, long-term sickness levels have started to rise again corporately. This masks considerable variation in directorates, with short-term sickness rising in only one directorate (Resources), and long-term sickness has rising in 2 directorates (LCCS and HASS).
- 20 The council is still likely to be a bottom quartile performer even if the current improvement trend continues at the same rate for the remaining 6 months of the year. Based on a straight-line extrapolation, the provisional outturn for 2006/07 would be 11.3 days per FTE compared to provisional bottom quartile levels for unitary authorities for 2005/06 of 10.8 days.

Directorate	2005/06 Outturn	Staff sickness levels (Apr – Sept 2005)	Staff sickness levels (Apr – Sept 2006)
Corporate Figure	12.48 days	5.88 days	5.69 days
Chief Executive	8.98 days	3.71 days	1.87 days
Neighbourhood Services	18.66 days	9.45 days	5.65 days*
City Strategy	11.11 days	4.82 days	5.02 days
Resources	9.69 days	4.24 days	3.80 days
LCCS	9.01 days	3.95 days	3.98 days
HASS	19.82 days	9.98 days	9.66 days

* currently excludes Environment & Neighbourhoods

- 21 The reduction in sickness absence levels has not seen a similar fall in stress levels within the council, as stress levels have now risen to 1.08 days per FTE, a rise of 0.11 FTE days compared to the same period in 2005/06. Both Neighbourhood Services and City Strategy have seen a rise in stress levels, as have LCCS. Chief Executives, Resources and HASS have seen a significant reduction, however the improvement in CEX and Resources need to be treated with some caution, as they are the smallest directorates.
- 22 Staff Turnover levels are continuing to fall, although all directorates need to ensure that exit interviews are carried out to provide the qualitative information as to why individual employees are leaving. Due to the timescales involved in school resignations, the majority taking place in quarter 2, it is difficult to predict a year-end outturn for 2006/07. However it is unlikely that turnover will not vary much from last year's outturn, and may even be slightly lower. Chief Executive's, Neighbourhood Services, City Strategy and LCCS have all improved since the same period last year, although Resources and particularly HASS look likely to increase slightly on 2005/06.

Directorate	2005/06 Outturn	Turnover levels for (Apr – Sept 2006)
Corporate Figure	13.09%	9.52%
Chief Executive	16.80%	4.63%
Neighbourhood Services	16.85%	7.78%
City Strategy	20.81%	9.95%
Resources	11.98%	7.38%
LCCS	11.21%	7.14%
HASS	13.27%	9.76%

Comprehensive Performance Assessment

- 23 The Audit Commission will publish the 2006 CPA ratings in February 2007. Annex 4 provides an estimate of our likely final 2006 score. This indicates that whilst there will be some changed scores for service blocks, we will maintain a 3 star (good council) rating.
- 24 The Commission would normally publish the 2006 CPA rating in mid December 2006, but have delayed this to include nationally comparable customer satisfaction data from housing, environment, transport, and planning services. This data is not yet available so the likely scores for the 2006 Environment or Housing blocks are still uncertain. We are also still waiting for satisfaction data covering libraries and other cultural services, but this block can be forecast at 2 with more certainty.
- 25 The Use of Resources block score fell from 3 to 2 in 2006. This block is scored by the Audit Commission on the basis of their judgement of how we compare against a set of criteria. These criteria are tightened up each year – and will be tightened up again for 2007. In 2006, 2 of the 5 sub-scores were at 3 (financial management and value for money) but we also had 3 sub-scores of 2 (financial reporting, financial standing and internal control).
- 26 The Environment block will rise in 2006 – either to 3 or 4. This is due to the planning service meeting all its targets for speed of processing planning applications – which lifts the ‘block’ placed on us for being a planning standards authority. Of 31 Environment indicators being measured, 12 are above performance threshold and 12 between upper and lower performance thresholds, with 7 still unknown. This is a strong performance overall across the range of environmental services.
- 27 Looking ahead to 2007, a number of things have happened since monitor 1 which help clarify our position:
- The Audit Commission have finalised our corporate assessment inspection date for 28th January 2008. Therefore we will continue with the strong corporate score of 3 for the December 2007 refresh.
 - Concerns expressed in the monitor 1 report over the Culture block have eased slightly with the recent publication of the Sport England Active People survey. The result for the indicator on volunteering was better than initial information from Sport England suggested. This reduces the likelihood of the Culture block falling to a score of 1 in 2007 – although 7 of the 23 potential indicators remain at risk of being below threshold.

Local Public Service Agreement (LPSA2)

- 28 With over a year to go before the completion of the majority of LPSA2 targets, it is still difficult to assess overall how many of these will meet the stretch performance set, or to what extent reward grant may be achieved. In some areas however, there seems clear evidence that performance will be adequate to secure the reward grant (see annex 6). These include targets associated with recycling, burglaries, vehicle crime and young people not in employment, education or training. In other areas it is apparent that performance will have to improve significantly in order to meet the stretch set, these would include targets related to violent crime and adult participation in sport and exercise.
- 29 It is anticipated that more data will be available for all LPSA2 indicators by monitor 3, when we will be able to show full year results for 2006/7. This includes the outcome of survey data, which are notoriously hard to predict. The performance of LPSA2 indicators owned by the Youth Offending Team will not be known until the completion of the 3-year term and cannot be adequately projected prior to this.

Customer First Statistics

- 30 A good proportion of our customer first results for April to November show fairly high levels of performance across the different standards (see Annex 5). One notable performance improvement is the % of letters replied to within 10 working days. This is currently at 95%, a major increase on 79% in 2004/05. There were however, a couple of exceptions, which are being dealt with by the directorate responsible:
- Phone answering: The overall corporate figure for telephone calls answered within 20 seconds has reduced to 87% (a 6% decline). This is a significant drop on a standard that we have performed at around 93%-96% for a number of years now. The Resources directorate showed the most significant decline (currently 84% against 91% last year). Conversely, Neighbourhood Services improved by 2% (currently 82% against 80% last year).
 - Complaints; The Council currently deals with 80% of the stage 2 complaints it receives within 10 working days. This is a significant improvement on performance 2 years ago, which stood at just 68%. Further improvement is required in City Strategy and HASS if we are to hit the 95% target, although the complaints they receive are often more complex than other directorates, with much more detailed investigation usually required.

Financial Performance - Corporate Overview

- 31 The Accounting Code of Practice that has to be used for accounting periods after 1 April 2006 requires a change in the presentation of some of the data used throughout the year when preparing the Council's overall Statement of Accounts. Although most of these are 'book-keeping' entries that are best done at the year-end, for example including some capital expenditure as revenue and the presentation of the pension payments, there is one change that has been included in the figures in this report, but was not included in the individual EMAP reports. Formerly, an asset rental charge had to be made which comprised both depreciation and notional interest. Under the new rules, depreciation remains, but notional interest is now only used for costing purposes for grant claims, etc., and no longer forms part of the in year monitoring of service expenditure. In order for Members to understand the materiality of these transactions they are separately shown on Table 1.

- 32 The Council's spend has been extremely closely monitored throughout the year and expenditure pressures of up to £3m were identified during the summer. Action was taken by the Council's Management Team (CMT) up to and through the first monitoring report to Members to address many of the problems and this report therefore highlights changes that have occurred since that first monitor report. These changes included the one-off reprioritisation of existing budgets.
- 33 Table 1 is a summary of the information presented to the individual EMAPs, with two exceptions. The exceptions are Neighbourhood Services, whose report did not include the updated budget position, and Adult Social Services whose report also did not include the updated budget position and where there has since been an award of a supplementary estimate amounting to £400k. The Adult Social Services EMAP report was projecting an overspend of £661k as at 31 March, but this has been amended to a break-even position as set out in the note to Table 1 and in paragraph 43. The revised overall position is that there is a projected underspend of £229k (0.23% of the net revenue budget, 0.08% of gross expenditure budget) on the non Dedicated Schools Grant (DSG) functions. This is an improvement from the first monitor report, and is due almost entirely to two variations on the Treasury Management activities, namely the receipt of a dividend payment from the Bank of Credit and Commerce International liquidators and a delay in the need to borrow.
- 34 There is an underspend of £367k on the Dedicated Schools Grant (DSG) functions, however, under the terms and conditions of the DSG, any in-year underspend can only be allocated to schools at the year-end or carried forward and added to the following financial year's DSG. The underspend is not available to be used for other General Fund purposes. It should be noted that if there were an overspend on the DSG functions they would either have to be funded by a contribution from the Council's General Fund or carried forward and funded from the following financial year's DSG.
- 35 The net underspend on general fund services includes four principal elements:
- increased service expenditure pressures (either increased expenditure or reduced income) +£4,878k;
 - reduced service costs (either reduced expenditure or increased income) - £3,859k;
 - variations in central budgets controlled by the Executive -£185k
 - with a further -£1,063k from action proposed by Directors and agreed at the EMAPs.
- 36 Of the reduced service costs and action agreed at the EMAPs a proportion comes from underspendings on budgets where the spend will not occur until 2007/08 (e.g. on the FMS replacement project). Where these have not been clearly identified they have been left in the projections, and a request will be made to carry these budgets forward at the end of the financial year.
- 37 The trading activity of Neighbourhood Services are reporting a small trading loss in its operational activities, but expect to recover this before the year-end. The HRA out-turn working balance is expected to be £4,835k, an improvement of £22k from the first monitoring report.

38 The level of total reserves reported at Annex 13 is currently projected at £5,520k. Any overspend will reduce the overall level of reserves. The minimum level recommended by the CPA is £4,950k.

39 In addition the report also provides:

- An update on the achievements of growth items and efficiency savings incorporated into the 2006/07 budget.
- Requests for virements and supplementary estimates.
- A report on income collection and arrears.

The General Fund

40 The General Fund net expenditure budget for 2006/07 was originally set at £99,058k, (£97,769k after the use of balances and reserves). Members have agreed various changes, utilising reserves, which have increased the net expenditure budget to £100,315k, and the details are shown at Annex 7.

41 A comprehensive breakdown of the projected position on the General Fund is shown in Table 1. Key parts of this are explained in paragraphs 71 to 84 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 8 and those for central services are in Annex 9.

42 Some of the underspending areas identified in the EMAP reports are delays in projects or deferral of expenditure. It is possible that some of these sums will form the basis of requests to carry resources forward into 2007/08 at the year-end. However the only significant one mentioned in the EMAP reports is on the replacement FMS project, and this has been excluded from the underspending figures included in this report.

43 There are significant developmental issues in the coming months that may have an affect of the provision and cost of adult social services. These were set out in the EMAP report and include:

- Home care services was the most critical area in the first monitor report. Action has been taken in three main ways to address the projected overspend:
 - a A complete restructure of the in-house care services with the focus being on an initial enabling service, a Home Support Service and a range of specialist services.
 - b Tendering of three locality based home care contracts for ongoing support in the community.
 - c Ensuring that care packages are in line with the Council's guaranteed standards.

The new services went live on 4 December, but it will be several weeks before the new arrangements are fully in place. In the meantime there may be a need to incur additional expenditure to ensure that full services are provided. For this reason, although with the budget transfers agreed the likely position on the service would be an underspend of £275k, the overall position is presumed to reach breakeven in this summary report. The EMAP will be kept up-to-date on all progress in this area.

- Initial meetings have been held with the Chief Executive of the Yorkshire and Humber Strategic Health Authority and the Chief Executive and Chair of the North Yorkshire and York Primary Care Trust – as well as with one of the non-executive Board members who lives in York. The senior management team is still being assembled at the PCT and there is not yet clarity about future accountability and partnership arrangements. The financial recovery plan is due to reduce the overall deficit of the PCT to about £24.5m in 2006/7 provided savings of over £42m are delivered. As yet no additional impact has been felt in terms of increased costs to the council but this is being kept under close review.

The EMAP will be kept up-to-date on all these issues.

- 44 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.
- 45 As can be seen from Table 1 the increased spending pressures in service areas amount to £4,878k.

Outcome of Action Taken To Date

- 46 Members will recall that a comprehensive exercise was undertaken prior to the first monitoring report to identify both overspending and underspending areas, and action was recommended to address all the issues. The outcome was that assuming all the action was successful there was likely to be an overspend of £179k which the Executive determined should be 'earmarked' as a potential call on the Council's central contingency fund (Executive 10 October 2006).

Table 1 - Summary of Budgets and Variations

Summary of Budgets and Variations

Service Area	Currently Approved Budget				Budget Virement Agreed at EMAP £000	Variances					Projected Out-turn £000
	Gross Exp.	Notional Interest	Income	Net Budget		Over-spends Identified	Under-spends Identified	Action Agreed at EMAP	Out-turn to Adjusted Net Budget		
	£000	£000	£000	£000		£000	£000	£000	£000	%	
Children's Services (non DSG)	42,767	4,733	(22,822)	24,678	-	+996	-479	-486	+31	0.1	24,709
Leisure and Culture	12,464	1,716	(4,372)	9,808	-	+164	-50	-101	+13	0.1	9,821
Economic Development ¹	5,617	180	(3,645)	2,152	+119	+122	-3	-119	-	-	2,271
City Strategy ¹	30,283	3,104	(19,912)	13,475	-119	+271	-442	+119	-52	0.4	13,304
Neighbourhood Services ²	18,552	457	(5,164)	13,845	-	+275	-161	-	+114	0.8	13,959
Chief Executive's Department	9,186	-	(3,889)	5,297	-	+135	-147	-	-12	0.2	5,285
Resources	58,022	2,207	(55,244)	4,985	-	+866	-937	-	-71	1.4	4,914
Housing General Fund	12,095	52	(10,936)	1,211	-	+138	-205	-	-67	5.5	1,144
Adult Social Services ³	55,647	645	(23,620)	32,672	-	+1,911	-1,435	-476	-	-	32,672
Total of Service Areas	244,633	13,094	(149,604)	108,123	-	+4,878	-3,859	-1,063	-44	-	108,079
Centrally Held Budgets											
Notional Interest Income	-	(13,094)	-	(13,094)	-	-	-	-	-	-	(13,094)
Contrib from Cap Finance Acct	-	-	(5,668)	(5,668)	-	-	-	-	-	-	(5,668)
Treasury Management	9,821	-	(3,076)	6,745	-	-	-185	-	-185	2.7	6,560
Other Central Budgets	4,176	-	-	4,176	-	-	-	-	-	-	4,176
General Contingency ^{2 & 3}	33	-	-	33	-	-	-	-	-	-	33
Non DSG General Fund Total	258,663	-	(158,348)	100,315	-	+4,878	-4,044	-1,063	-229	0.2	100,086
Children's Services (DSG)	97,385	-	(97,385)	-	-	+241	-608	-	-367	#####	(367)
General Fund Total	356,048	-	(255,733)	100,315	-	+5,119	-4,652	-1,063	-596	0.6	99,719

Note 1 - The City Strategy and Economic Development EMAPs have requested the transfer of £119k between the two service areas.

Note 2 - Neighbourhood Services have requested the release of £55k from the Contingency - see section on Supplementary Requests

Note 3 - The £661k projected overspend reported at the EMAP has been amended to take account of the non-recurring adjustment awarded on 10/10 +£536k, less the recurring supplementary estimate awarded on 5/12 +£400k. This should leave an underspend position of £275k. However, see paragraph 41 for further information.

Progress on Growth Items and Budget/Efficiency Savings

- 47 The 2006/07 budget included £4,363k for expenditure on growth items and £7,144k 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.
- 48 The variations reported on growth items are set out in Annex 10 and include:
- City Strategy - two of the growth bids are expected to vary from the budget provided: car park income has been buoyant during 2006/07 following the decision to reduce charges at Foss Bank to 70p per hour and also freeze other parking charges. The latest projections are that income will exceed the original budget by £433k although the budget was increased by £350k after the first monitoring report. The monitor two position is therefore reported as a £83k projected surplus. In effect therefore the £300k growth bid has not been required. The £500k planning inquiry budget is likely to be £180k underspent due to lower than expected legal fees. This is a further saving of £80k following the first monitor.
 - Neighbourhood Services - there is an underspend of £45k on landfill tax due to a decrease in tonnage deposited which has been offset by an increase in cost in other areas of waste operations.
 - Resources - there is slippage on the FMS replacement project. However, the funding will need to be carried forward.
 - Adult Social Services - the growth schemes all are on schedule except for Windsor House where there will be a slippage of £49k due to delays in re-providing Windsor House as an EMI complex.
- 49 The variations reported on budget/efficiency savings items are set out in Annex 11 and include:
- Children's Services - additional income of £10k from a new ground maintenance monitoring service for schools will not be achieved as it has not been implemented.
 - Leisure and Culture - additional income generation of £10k at the library service is unlikely to be achieved.
 - City Strategy - three of the savings proposals are not producing the reduction anticipated: the change in bus information service has cost more than £12k for 2006/07 only; the saving of £83k on consumption on street lighting energy has been more than offset by subsequent price rises, although a one-off saving has been made in 2006/07 due to a previous year's rebate; and £35k in the City Development section has left the team under-resourced to deal with planning advice at Terry's and British Sugar as well as progress at Hungate, and so temporary staff have been recruited to help.
 - Neighbourhood Services - increased income from crematorium fees of £39k is not being achieved due to a decrease in the death rate, but a supplementary estimate is being requested. All other General Fund savings are on target. In the Trading Activities savings of £12k in Waste Services and £7k in cleaning are not fully achieved because the planned service restructure occurred part way through the year. These have been offset by other operational savings.

- Chief Executive - due to difficulties ensuring delivery arrangements, the changes to the recruitment advertising arrangements have been delayed. A growth bid has been put forward to remove the saving in 2007/08. The overspend has been funded from savings identified elsewhere in the directorate.
- Resources - there are three savings that are unlikely to be achieved; the additional income at the registry office income as although the prices were increased there has been a reduction in wedding numbers; the proactive benefit fraud work and target current benefit overpayments for unidentified fraud as there has been a change in the way the subsidy is calculated for CYC and no further grant is available for rewarding fraud work; and the saving from building lease costs will not be delivered as no administrative accommodation has yet been released.
- Adult Social Services - the saving of £65k from re-tendering community support has slipped, the remaining savings are on target.
- Corporate Services - the saving on the cost of staff park and ride passes is not expected to be fully achieved this year, and the Management Challenge is also unlikely to be achieved. Human Resources have been involved in the development and consideration of alternative staff park and ride schemes and supports the proposed replacement scheme (which will provided funding up to half the cost of the pass) as the most practical and fair alternative available. The proposed new scheme has been developed in consultation with UNISON who recognise the need to achieve the saving in this budget and the proposal will be subject to wider staff consultation in due course. Any significant changes proposed as a result of this consultation will be reported back. Both of these shortfalls have been funded from savings identified at the first monitoring report.
- Housing Revenue Account - all savings are on target except for two: the £10k saving in the communal electricity budget will not be achieved due to previous year billing issues that have resulted in outstanding bills being paid in 2006/07; and the £20k saving expected from the partnering agreement where the progress is being closely monitored to ensure that the savings can be delivered by the end of the year.

Centrally Held Budgets

- 50 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

- 51 This budget is created by separating the income from the former asset rental charges into the two elements, depreciation and notional interest, and treating them differently in the Council's accounts. It matches the 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

- 52 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, and is only a change from previous practice in that it is now shown as a separate transaction rather than being incorporated in the former Asset Management Revenue Account (AMRA) entry, which no longer exists.

Treasury Management

- 53 The Head of Finance is currently predicting that treasury management function will produce a surplus (underspend) of £185k compared to the position in the first monitor report. There are two principal reasons for this improvement, the first being the effect of delaying the decision to borrow and borrowing at a lower than expected rate. Secondly, the Council has received a fifth dividend from the Bank of Credit and Commerce International (BCCI) liquidators. Such income cannot be predicted and so is never included in the Council's budgets. Annex 8 shows the key variances that contribute to this surplus.
- 54 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.

Other Central Budgets

- 55 These budgets cover a variety of funding held centrally and details are shown at Annex 8. The majority of the budgets are for contractual purposes and will be fully required. However, it is unlikely that the full amount set aside for running costs of capital schemes will be required before the end of the year, and as the reduction will be a one-off saving this is being offered up to match the one-off overspend on redundancies and pensions in the following paragraph.
- 56 The projection on redundancies and pensions currently shows an overspend of £253k, this is after taking into account the supplementary estimate of £100k granted by the Executive on 10 October 2006. The main reason for the overspend is the level of one-off payments being made in the year, and it is proposed to use the one-off savings set out in paragraph 55 to fund this. The projection has been prepared using information on all known redundancy situations for the remainder of the year, including the effect of 2006/07 budget savings and changing rolls within schools. However, since the first monitor report the costs of the redundancies arising from the restructure of the Chief Executive's department have also been costed and are now incorporated in the year-end projections. Table 3 on the next page gives the breakdown of the projection.

Table 3 - Details of Redundancies and Early Retirement Costs

	£(000)	£(000)
Annual charges for prior year retirements		632
Local Government Pension Scheme		
Redundancy payments	186	
Redundancy retirements	213	
"85-year rule" retirements	141	540
Teachers' Pension Scheme		
Redundancy payments	287	
Redundancy retirements	54	
"85-year rule" retirements	21	363
Administration charge		29
TOTAL		1,580

57 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 £500k. No further receipts have been assumed in the year.

General Contingency and Supplementary Estimate Requests

58 Contingency funding amounting to £800k was set aside in the budget process. As detailed in Annex 12 supplementary estimates totalling £587.5k have been approved to date, with a further £179k earmarked for potential use to keep the total council net spend within budget. Although it is likely that there will not be a need to fully utilise the earmarked element, the position on Adult Social Services remains volatile and the position may not be clear until late January/early February, so it is intended to keep this element earmarked until a clearer picture emerges.

59 The Neighbourhood Services EMAP have requested the release of £55k to reflect the shortfall in crematorium fees compared to the budget. In considering this request due regard needs to be given to other potential areas of pressure, which were identified during the budget process as potentially needing funding from the contingency. CMT have reconsidered all these areas and Annex 12 shows the items and the likely future requirements for additional funding. The annex shows that the amount now projected to be called down from the contingency fund will total £821.5k, including the earmarked element, which will lead to an overspend of £21.5k, although due to the volatility of the position on emergency out of authority placements, and the position on Adult Social Services this may change later in the financial year.

60 In addition to the above items there are potential cost implications of the latest fuel price increase, both for heating and for vehicles. It is not yet known what the impact of this is likely to be, but it is hoped that any cost pressures can be contained within existing resources and there will not be a call on the contingency.

Virements Requested

- 61 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 are no requests from individual EMAPs. However, a transfer needs to be authorised between the general fund and the trading arm of Neighbourhood Services in relation to savings that are being made through the action of the Procurement Team. Savings made from procurement action in negotiating better contracts are shared between the departments and the procurement team. However, the only way to effect this with the trading services is to amend the profit target set. The effect of the transfer is that the profit contribution from traded activities will increase by £17,090.
- 62 The Council has set aside £1,661k in one off Resources during 2005/06 and 2006/07 to meet the costs of Job Evaluation and Equal Pay, of which Members approved expenditure of £120k on project costs in 2005/06 with a further £350k in 2006/07. This leaves a one-off budget of £1,191k. This is in addition to the specific provisions for Equal Pay of £1,500k from the General Fund (which was set aside from earlier underspends) and £90k from Children's Services and a reserve of £382k for Job Evaluation which was also set aside from earlier underspends in the General Fund. The total cost of settling the Equal Pay issues is now estimated at £2,300k. So far 83% of staff affected have signed agreements and accepted payments from the Council and almost £2m has been paid out. It is estimated that just over a further £0.3m will need to be offered in order to try to settle the remaining cases (this figure does not allow for the costs of any legal actions or resulting compensation that may be awarded). The reasons for the overall increase in estimated costs of reaching a settlement are mainly due to:
- a) a change in the law during the process that has allowed staff to claim comparability with staff on different grades. This has added an estimated £0.25m - £0.3m to the projected costs.
 - b) some staff having contracts of employment different to those recorded on the Council's systems. This has added about £0.22m to the projected cost.
 - c) some staff who have retired or left the Council's service making valid claims. This is estimated to add about £0.16m to projected costs.
- 63 It is proposed to fund the estimated £2,300k cost of Equal Pay by utilizing the £1,500k provision set aside for Equal Pay, the £90k from Children's Services Education and by viring £710k from the remaining £1,191k in paragraph 62 into the Equal Pay budget.. Officers will report back on the final projected costs after the next set of attempts to reach agreement with the remaining 230 staff. These will take place in late March. More positively both the Unions and ACAS (who independently advise non union staff) have praised the Council for running the best Equal Pay process that they have come across and despite the growing difficulties and complexities of the Equal Pay issue the Council has already achieved a staff sign up rate considerably above most other Councils.
- 64 The action in paragraph 63 will leave £481k of one-off resources available for Job Evaluation together with the existing reserve of £382k and £2.6m of ongoing budgets part of which the Council has already agreed to set aside already, and part of which is being proposed in the 2007/08 budget elsewhere on this agenda.

65 Members have already approved £470k for the costs of the project up to March 2007. It is now clear that the project cannot finish until October 2007 at the earliest and there will be ongoing appeals and residual issues to manage after that. In addition the project is operating in an ever changing/evolving legal environment resulting in increased administrative processes. For example it was never envisaged when the budget was set that numerous roadshows would need to be held together with supporting helplines, temporary staff, etc. It is now estimated that a minimum of a further £330k will be necessary to progress the project and Members are asked to approve this as further project costs funded from within the £481k referred to in paragraph 64. Members are also asked to approve that any balance remaining at 31 March will be transferred to the Reserve as part of year-end processes.

Reserves and Balances

66 Annex 13 shows the position on the General Fund reserve which, it is anticipated, will fall from £5,347k at the start of the financial year to £3,569k by the end of the current financial year. This has increased by £300k from the first monitor, entirely due to the increase in the contribution through NNDR refunds.

67 In order to compare the level of the Council's reserves to the prudent sum to be held other reserves can be included. These are also shown in Annex 13. Once these are included the projected level of reserves at 31 March 2007 is £5,520k. However, it should be noted that while this is above expected CPA target of £4,950k there is very little spare capacity, and resources will be needed to help balance the budget for 2007/08.

68 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

69 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.

70 Table 4 sets out a summary of the information on these sources of income, with some further explanatory notes below.

Table 4 - Information on the Main Income Sources to the Council

	Housing Rents	Council Tax	NNDR	Sundry Debts
Arrears at 31 March 2006		£5,910k	£4,290k	£3,637k
current tenants	£791k			
previous tenants	£786k			
Provision for bad/doubtful debts at 31 March 2006	£1,245k	£2,957k	£1,440k	£448k
Value of debts written off so far in 2006/07	£123k	£159k	£85k	£101k
Current value of prior year arrears	See section below	£3,910k	£3,600k	£2,648k
Estimated accounts to be raised in 2006/07	£22,747k	£69,269k	£82,319k	£68,921k
Accounts raised to end of October 2006				£47,425k
% collected to end of October	See section below	65.8%	66.8%	96%
Target % to be collected in year	98.64%	97.1%	98.4%	95%
Arrears of in-year debt at end of October	See section below	£23,690k	£27,330k	£922k

Housing Rents

- 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.
- Percentage of rent collected - the data is calculated annually at the year-end. In 2005/06 97.19% was collected; the target for 2006/07 is 98.64%
- Rent arrears as a proportion of the rent roll - year to date 3.86% (2.81% was the 2005/06 out-turn and the target for 2006/07 is 3.6%). These figures include the arrears figures for former tenants.
- Rent income lost through voids - year to date 0.47% (1.08% was the 2005/06 out-turn and the target for 2006/07 is 1.0%).
- The rent arrears at 31 March 2006 were £353k less than at 31 March 2005.

Collection Fund (Council Tax and NNDR)

- The collection of In-year Council Tax accounts at the end of October is 1% ahead of the same position in 2005/06. An internal target has been set to reduce prior year debt by 50%, and would expect that the level of prior year arrears would be around £4.15m. The current position of £3.91m is a slight improvement on this. Between April 1996 and March 2006 the total value of Council Tax bills raised was £481.118m, against which write-offs so far total

£1.515m. With current arrears at £3.910m this gives an overall collection rate to date of 98.87%.

- The Council raises accounts for and collects the income due on NNDR on behalf of the government. The collection of in-year NNDR accounts at the end of October is slightly behind target, but this is primarily due to the late settlement of the Council's own bills following the restructuring that took place earlier in the year. The total of the Council's bills is 3.6% of the collectable sum, and the bills have now all been paid. The position on both current accounts and prior years are prone to fluctuation due to the likelihood of large, and often retrospective, rateable value adjustments issued by the District Valuer. Between April 1996 and March 2006 the total value of NNDR accounts raised was £549.832m, against which write-offs so far total £1.558m. With current arrears at £3.600m this gives an overall collection rate to date of 99.06%.
- Recovery action has taken place for both types of income each month and the cases where we offer extended payment arrangement at pre-summons stage have been restricted.

Sundry Debts

- 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.
- Unlike the other income the total to be raised will vary from year to year, and is not dependant on annual sums due in the same way that housing rents, council tax and NNDR are.
- A debt recovery officer has been appointed to ensure that debt is recovered as expediently as possible. During the last six months arrangements have been set up to recover over £135k of debt, including housing benefits overpayments and council tax as well as sundry debts. At the same time the officer has identified £535k of new liabilities for NNDR, which initially benefits the Council in terms of cash-flow, but long-term will be paid to the government.

Cost to the Council of the Level of Arrears

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 2006 and a notional cost of borrowing would give an annual cost of £434k.

Key Performance Issues from Directorates

71 All directorates produced a balanced scorecard for the monitor session, showing headlines from three areas of their service performance:

- progress on delivering the key actions for the 13 priorities set out in the 2006-09 corporate strategy.
- headlines on key performance indicators that are of corporate significance (e.g. they support improvement for corporate priorities, LPSA2, CPA, etc).

- headlines on resources management (i.e. budget and staff management)

72 The full scorecards can be found on the intranet, but here are the key points from each.

Learning Culture & Children's

73 Service improvement and key actions:

- Educational attainment for Key Stage 2 continues to show improvement - some significant. The % of pupils achieving Level 5 in English has risen to 37%, a 9% increase on the 28% achieved in 2005/06. Another curriculum area that has achieved notable success is the % of pupils achieving level 5 in Key Stage 3 Science. This has risen by 2% (now 78% compared to 76% in 2005/06). This result in particular should be celebrated as York is already a high top quartile performer and any incremental improvement over the existing performance levels represents a significant achievement.
- The number of complaints received in relation to special school education is increasing with 4 in the first 7 months of this year, compared to 1 for the whole of 2005/06). However, these numbers are still extremely low in comparison to other unitary authorities.
- The number of Community Arts initiatives supported by Arts & Culture Service has increased significantly, with 199 in the first 7 months of this year compared to 212 for the whole of 2005/06.
- Last monitor we reported that there was a small possibility that the Culture block score of CPA might fall from 2 to 1. The position now appears slightly healthier as the recent Sport England survey results are better than expected. However, it should be noted that 7 out of 23 CPA indicators are still at risk of being below threshold in 2007 (see para 23 for more details)
- 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 outturn of 67% in 2003/04.
- The number visits to museums and galleries has increased markedly (currently 3047 per 1000 population for first 7 months of this year compared to 4028 per 1000 population for the whole of 2005/06).

74 Resource management:

- Staff sickness absence levels in LCCS are currently at 3.98 days per FTE for the period April to September. This is actually quite a significant improvement on last years sickness levels as, although current levels are similar to the same period last year, the figure now include Children's Services.

General Fund Services

- For Children's Services the individual service plan financial monitoring sheets presented to the EMAP showed that a number of services are projecting further variances for the year, resulting in a projected overspend of £517k. To offset this mitigating actions are being taken to hold back expenditure or redirect resources totalling £486k. This leaves a projected overspend of £31k. The major changes from the first monitor report are: a net increase in Home to School Transport costs of £143k within the Special Education Needs (SEN) and

discretionary elements of the budget; a projected £30k underspend on SEN management staffing following the retirement of the Head of SEN and a review of senior roles within the service; a net projected underspend of £48k within the Youth Service, mainly due to staff vacancies but offset by unbudgeted premises costs at Sanderson House; and an improvement of the position within Children and Families of £31k due to concerted effort by Managers to control expenditure. Officers will continue to work to identify further savings to bridge the remaining budget gap before the end of the financial year.

- For Leisure and Culture the individual service plan financial monitoring sheets presented to the EMAP showed that a number of services are projecting further variances for the year. The major changes are: unexpected expenditure of £16k at the Archives for the removal of a derelict shed; a £15k increase in the one-off costs incurred because of the installation of the temporary fitness gym at Edmund Wilson Pool; and a net underspend of £12k at Oaklands Sports Centre. Officers will continue to work to identify further savings to bridge the remaining budget gap before the end of the financial year.

Dedicated Schools Grant (DSG)

- The net projected underspend has reduced from £486k at monitor one, a reduction of £119k. The full details of the changes were presented to the EMAP. The major changes are: a £106k reduction in income being generated at the Pupil Referral Units; a projected underspend on Out-of-City Placements of £60k; a reduction of £63k in the projected underspend on support required for statemented children from School Based Additional Tutors and Learning Support Assistants; and a reduction in the projected surplus on the Inter-Authority Recoupment budget of £43k.

Housing and Adult Social Services

75 Service improvement and key actions:

- Relet times: the average time taken to re-let council houses has improved significantly in the first 7 months of 2006/07 (current performance is 24.7 days compared to the 32.27 days for 2005/06). This is now top quartile performance and will make a positive contribution to our CPA.
- Hosing repairs: urgent housing repairs completed within the government's timescales have improved significantly since monitor 1 (currently 83.46%, up nearly 12% from last year's outturn of 72%). Performance is now 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 also show a marked improvement on last year's figure (currently 8.37 days compared to 13.9 days in 2005/06).
- Care reviews: the % of clients aged 18-64 receiving a care review is currently 18%, well down on last years performance of 69% and well short of the 82% target set for 2006/07. This is due to a large cohort of over 250 additional customers who needed assessments and reviews. An action plan has now been put in place to address the problem and performance however, is expected to improve before the end of the financial year.
- Care assessments: the average waiting times for care assessments is currently at performing within the government 'threshold' at 74.65% (a 1.15% increase on last year's performance). Although this might seem a fairly small improvement, it

has been achieved despite recent cuts to address a potentially large overspend in Adult Services.

- Independent living: the number of older people helped to live at home is currently in decline (84.5 per 1,000 population aged 65 or more, compared to 91.4 last year). This falls well short of the 95% target and places the authority in a lower band of performance (band 3), due to a reduction in the customer base following the tightening of eligibility criteria against the minimum guaranteed standards.
- Recruitment problems have been encountered with the re-commissioning of homecare services. Interim contingency measures have been put in place to address the issue, but there may be some short-term financial implications in relation to targeted savings in this area.

76 Resource management:

- Staff sickness absence in HASS is currently running at 9.66 days per FTE for the period April - September, a very small decrease on the levels for the same time last year. These sickness levels are still far too high and nearly 3-4 times that of some other directorates. The costs of backfilling the absent staff is partly contributing towards the current Social Services overspend. Last year, long-term sickness was identified as a priority area that needed to be addressed. However, this is currently running at similar levels, although short-term sickness has declined slightly. Encouragingly, stress related illness has reduced significantly (currently 1.73 days per FTE compared to 3.42 days for the same period last year).

General Fund Services

- Within the Social Services area the EMAP report received information about the service and cost pressures facing the service. While it received full information on all the variances the main area where there is still concern is on the home care service. The Department is in the process in reconfiguring its Home Care Service. The new service is budgeted to break even over a full financial year and the overspend attributable to the Home Care Service should drop from £1,338k reported at monitor one to £625k by the year end. This projection has reduced significantly partly due to the targets set within the internal home care team. Savings should also be generated from the newly tendered external contracts partly due to the new arrangements whereby the independent sector providers will bill for actual contact time only. Previous arrangements with some providers allowed them to bill to the nearest fifteen minutes, irrespective of the time spent with the customer. It should be noted that if the efficiencies are not achieved within the in house team, if the contracted hours are not adhered to and if home care activity rises beyond the budgeted level, the overspend could once again rise towards the first quarter figure of £1,338k. Further efforts continue to be made within the Department to reduce the overall overspend. Several posts are still being held vacant with only essential posts being released after authorisation by the Departmental Management Team.
- This monitor shows that the Social Services department will have to continue to work hard to contain expenditure within the approved budget. This, together with the deficit within the Selby and York PCT has led to an urgent financial recovery plan being put into place. Given that the funding CYC has to spend on adult

social services is the third lowest amongst unitary authorities this presents real problems in terms of the development of local services to meet new demands.

- For Housing General Fund services the EMAP received a report identifying several small items of variations which totalled an overall saving of £67k. The major change from the first monitor report was identified savings at Howe Hill Hostel.

Housing Revenue Account (HRA)

- The current forecasted position on the HRA is a projection for the working balance to be £4,835k at 31 March 2007. This is a small improvement of £22k from the first monitoring report.
- The major underspends (or additional income) from those reported in the first monitor to the EMAP include reduced anticipated overspend on repairs and maintenance (-£45k), increased underspend on general management (-£30k) and the impact on changes in the formula rent in the rent rebate subsidy limitation on the contribution to the general fund (-£66k). Offsetting these there are also changes to projected overspend (or reduced income), of which the main ones are increased energy costs from billing problems (+£46k) and increased reduction in rental income from using general stock as temporary accommodation (+£63k).
- 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.

City Strategy

77 Service improvement and key actions:

- New homes: The % of new homes built on previously developed land is running at 94%, exceeding the 65% target set for this year. This is now just below the audit Commission's top quartile threshold of 95%.
- Planning applications: the speed of determining planning applications continues to improve and with the number of major planning applications determined within 13 weeks currently running at 88.5%. This is now well in excess of government standards targets and puts us in the top quartile. Planning Services have predicted an 80% outturn by the end of the year, exceeding the 60% target set for 2006/07. In addition, property searches carried out within 10 working days continues to perform at 100%.
- Streetlight: the % of streetlights not working as planned (including vandalism) continues to increase, with 0.97% reported as at the end of September. It should be noted however, that this equates to just 165 lights out of 17,000. Performance for this indicator has gradually worsened since 2002/03 when it stood at 0.57%. Improvement is expected once a contract and system is introduced in 2007. Conversely, the average time taken to repair faulty

streetlights is performing well under the 2-day standard target (running at 0.89 days for the first 6 months of this year).

- Roads & pavement: the % of people satisfied with the condition of roads and pavements in York has increased to 51%. This is very encouraging when compared to the 43% achieved in 2002/03.

78 Resource management:

- A recent tightening of absence reporting and management arrangements in City Strategy has led to a slight increase sickness levels compared to the same period last year (5 days per FTE compared to 4.8 days in the same period last year).
- The average days lost to stress related illness has increased sharply on the same period last year (currently 1.43 days per FTE compared to 0.88 days in 2005/06).
- The provisional outturn position for the portfolio shows a net underspend of £52k for the financial year. This is after a virement of £119k was approved from the City Strategy portfolio to the Economic Development portfolio.
- The primary reason for the projected overspend in the Economic Development area is that following the retirement of the Assistant Director for Economic Development it has been necessary to make temporary cover arrangements prior to the recruitment of the replacement Assistant Director. The work programme over the period of this review has required a significant input at Director and Assistant Director level which would not have been possible without interim cover for this post. This has included the job losses announced at British Sugar, GNER, Nestle and Norwich Union; the response to them; the setting up of and support for the Future York Strategic Economic Review; and the management changes at Science City York. Whilst the cost of employing suitable temporary staff has been significant, it has been important to employ a suitably experienced individual to support the Director of City Strategy over these months. The costs of temporary management support and recruitment total £100k. In addition there is a continuing downturn in letting stalls at Newgate market, partially offset by additional income from specialist markets where demand is buoyant.
- On City Strategy services the net position before the virement was a net saving of £171k. All the reasons for the variations were presented to the EMAP, but the major ones were: an underspend within the City Development and Transport Service Plan of £172k on staffing vacancies offset by an overspend in Highway Infrastructure; reduced Capital programme fees due to reduced employee levels; income from S38 Developer fees and additional expenditure on Highway maintenance.
- There are two main variations anticipated with the Highway Maintenance budget: street lighting and general maintenance overspend. Officers met with npower and have successfully negotiated a fixed unit price until October 2008. In addition, the inventory has been audited and has been backdated to 1 September 2005. The inventory contains more accurate information on numbers of columns and on the types of lamps used (which are now more energy efficient than in the past) and as a result energy consumption has reduced by 15%. However, latest figures for numbers of faults during the first 8 months of the year

have increased by 11% for street-lights and 20% for illuminated bollards, increasing overall maintenance costs. These faults are putting significant pressure on the budgets and the overall service has only been able to come in approximately on budget due to a one-off saving from lighting energy due to a rebate on 2005/06 energy costs. There remains a significant pressure on this budget given the demand for the service. Officers are carefully monitoring the situation as the year progresses.

- Current projections are that there will be an underspend within the Planning and Sustainable Development service plan area of £130k. The key reasons for the underspend are: additional planning income due to receiving a number of large fees since the last monitoring report; additional bar walls income, following a number of rent reviews; and an underspend in planning inquiry costs.
- Members allocated a total budget of £500k for the housing and university expansion planning inquiries. The housing inquiry has already been completed and an announcement is expected in April 2007. The university inquiry was completed on 1 December, 4 days earlier than expected. A full report will be brought to members in 2007. The latest forecast suggests that there will be an overall cost of £320k, a further saving of £80k in addition to the £100k reported to the September meeting. The saving has mainly arisen from the lower than expected legal costs and from the inquiries finishing on time.
- As part of the 2006/07 budget a contingency of £50k was set aside for the anticipated shortfall in income from Land Charges. The introduction of Home Information Packs is now set for June 2007 but is still uncertain. It is unlikely that there will be any affect from their introduction in this financial year.
- The budget for the Yorwaste dividend has been included within the City Strategy portfolio due to the Director of City Strategy being the shareholder representative for City of York council. The budget for the dividend totals £340k. Due to a review of Yorwaste's cash balances it is anticipated that the dividend receivable to the council will be £820k. This is £480k above the budget. This sum was not included in the year-end projections for the service and it is proposed that when the additional income is received it is incorporated into council reserves.

Neighbourhood Services

79 Service improvement and key actions:

- Recycling: waste recycling levels have continued to increase significantly in the first half of the year, with an extra 1,300 household receiving kerbside collections. The % of household waste recycled currently stands at just over 23% - a substantial increase on the 16.5% achieved in 2005/06. This represents a large increase in the tonnage of waste recycled with nearly 24,000 tonnes predicted to be recycled by the end of the year compared to 16,000 tonnes the year before.
- Landfill: as a result, the amount of waste landfilled is expected decrease even further with around 62,000 tonnes predicted for 2006/07, compared to the 74,000 which was landfilled last year. These improvements are being achieved despite continuing increases in the amount of household waste that is collected in York
- Bin collection: the number of missed bin collections per 100,000 population has dropped to 79 for the period April to Sept. An outturn of 70 is predicted for

2006/07, a major improvement on the 97.5 achieved in 2005/06. Unfortunately, we expect to miss this year's target of '66'.

- Trading standards: the % of local businesses who are compliant with trading standards legislation is expected to hit 91% by the end of the year – an increase of nearly 6% on 2005/06 performance.
- Headline performance for York Pride and Safer City indicators are covered elsewhere in the report (see paras 4 - 18 and annexes 1 & 2).

80 Resource management:

- Staff sickness absence has reduced slightly for the first 6 months of 2006/07 (5.65 days per FTE compared to 9.45 days for the same period last year). Long-term sickness in particular has also fallen (4.25 days per FTE compared to 5.86 days for the same time last year). Members however, should note that the most up-to-date sickness data excludes staff sickness under the Assistant Director for Environment & Neighbourhoods.

General Fund Services

- Overall there is a projected overspend of £114k from the adjusted budget. Of this the EMAP have requested the release of £55k from the general contingency for the shortfall in crematorium fees. Of the remaining projected overspend the largest single area is on the toilet cleaning service. Changes to the service to address the additional costs are being put in place.

Trading Activity

- The majority of the surplus achieved on the trading accounts is as a result of increased business performance in our external trading activities. The level of activity for the first seven months on external trading business for drainage, i.e. private blocked drains, is 50% ahead of target. Commercial waste and the University Waste Management Contract are both performing well, and are contributing to the surplus.
- There are currently expenditure pressures as a result of the high fuel prices. Over the last two years fuel prices have risen by 28% adding over £100k costs to the waste collection service.
- The prime business of the Building Cleaning service is school cleaning, council office cleaning and empty property (void) cleaning for housing. Work is on-going with schools to establish individual service level agreements to ensure the service matches the resources available. This work should be completed this year and bring the school cleaning section into a break-even position. Void cleaning is performing well and there are no financial pressures in the section. The office cleaning section is facing financial pressure, and work with client officers will start shortly.

Resources directorate

81 Service improvement and key actions:

- CT&HB claims: the speed of processing housing and Council Tax benefit claims continues to improve since monitor 1. The average is currently running at 35 days compared to last year's outturn of 40 days, a significant shift from the 2003/04 outturn of nearly 86 days. This is a CPA indicator and this improved

performance will move us up to second quartile if the predicted outturn of 34 days is achieved. However, the speed of processing change in circumstances for benefit claimants has shown the biggest improvement. Current performance stands at 14 days – a major improvement on the 28 days achieved in 2005/06 and well in excess of the 2006/07 target of 19 days.

- CPA: latest projection for our CPA 'Use of Resources' score indicates that we have dropped from 3 to 2. The reason for the change is due to changes in the way the Audit Commission calculate this area of CPA, not a shift in actual performance or compliance. As things stand, this will not affect the overall CPA score for the Council.
- Info technology: the Council's major IT systems and infrastructure has become much more reliable with 'availability time' currently running at 99.9%, up 2.5% since 2002/03. Although this rise may seem small, it has a positive efficiency and continuity impact on the whole organisation.
- Easy@york: the relocation of the York Pride Action Line and switchboard to a single central unit has encountered problems, mainly down to complex premises and organisational issues. The York Customer Centre will now go live in January after an initial pilot stage has been completed.
- Council Tax: the % of current year Council Tax collected during the period April to October is 65.8%. This is higher than usual for this stage in the year and we expect to improve by nearly 1% on last year's figure of 96.1%. Not only is this a significant improvement for this indicator, but it also brings in much needed financial resource for the current year budget. Similarly, the % of current year NNDR collected is also forecast to improve by over 1%. In addition for both of these there is also an improvement on the recovery of prior year arrears.
- HB recovery: performance for the % of housing benefits recovered as a % of the amount outstanding is expected increased markedly from 36% in 2005/06 to nearly 67% for this year.
- Building access: the number of council buildings open to the public with access for disabled people is expected to rise to 84% by the end of the year (compared to 72% in 2005/06). This is an excellent achievement given the difficulty of adapting most of York's council buildings.

82 Resource management:

- As with last year, both short and long-term sickness absence levels continue decline across the directorate. Long-term and stress related illness has also much lower than the same period last year.
- Whilst the headline underspend figure reported to the EMAP of £178k (-0.3%) looks satisfactory, they were also advised that included within this figure is a sum of £107k from the FMS (Financial Management System) project that will need to be carried forward to 2007/08. This means that there is an underlying underspend within the Directorate of £71k.
- An overspend of £146k is currently anticipated within Public Services. This is partly due to the change in regulations for the Housing Subsidy Admin Grant where it the grant payment is no longer split between the administration of the service and benefit investigation. The shortfall for the directorate is anticipated to be £49k and this has been shown within the public services service plan.

There has also been a projected downturn in the performance on Local Authority errors which may result in a reduction to the final Housing Benefit Subsidy grant.

- Property Services is anticipating a net overspend of £87k. There are several pressures on Property services' budgets. These comprise of overspends on rents and a shortfall in rent income in the Admin Accommodation, overspends on repair and maintenance in the Commercial portfolio and costs not recoverable through the capital receipts protocol. One of the overspends reported is due to the use of additional external consultants working as part of the framework agreement within Strategic Business and Design. The additional cost of £171k is funded from additional income and EMAP approved a virement between expenditure and income of £171k to realign the budgets.
- IT&T are anticipating a net underspend of £431k following a review of all IT development plan projects. The main reason is project slippage of £232k on the FMS project.
- Audit & Risk Management is anticipating a net overspend of £99k. The out-turn forecast for Procurement savings is subject to further work being undertaken by officers to achieve additional in year savings which could result in a further £80k being taken by the year end. There is also an option to draw down £50k from the Venture fund. This decision will be taken by management at out-turn dependant on underspends being available elsewhere.
- Financial Services is anticipating a net underspend of £157k. This arises largely as a result of the delay in incurring expenditure on replacement Financial Management System.
- Not included in the departmental totals is any variation on the easy@york programme. Detailed contract discussions are ongoing with the main supplier in relation to this project. The outcome of these discussions could result in significant amendments to the forecast out-turn for the current financial year, however, if there is any slippage it will be needed for future years.

Chief Executive's

83 Service improvement and key actions:

- Equalities: the % of Local Authority employees from ethnic minority communities has nearly doubled since 2005/06 (currently 2.5% compared to 1.38% last year). This exceeds our target of 1.5%. Although York is now has the third fastest growing ethnic minority population in the country, as yet it is still unclear whether the improvement is due to the population increase or changes in the council's recruitment policy.
- LAA: the first draft of the Local Area Agreement has now been approved by the Executive Delivery Board and submitted to the Government Office for Yorkshire & Humberside. The LAA will go live on the 1st of April and will be catalyst to help us improve and integrate planning and performance management with our partners.
- OEP: The directorate is playing a key role in driving forward the organisational Effectiveness Programme, which underpins improvement to the council's organisational effectiveness and culture. The successful delivery of the OEP is crucial to help deliver the required changes needed to achieve a good corporate assessment score under CPA.

84 Resource management:

- Staff turnover in the Chief Executive's department has dropped fairly sharply, at only 4.63% for the first 6 months of 2006/07. It is expected that we will come in well under the 12% target and significantly improve on the 16.8% turnover recorded in 2005/06.
- Sickness absence levels are now the lowest across the council, with just 1.87 days per FTE for April – September. The final outturn for the year is expected to be well below the 9 days per FTE, achieved in 2005/06.
- The latest projections are that as well as finding the additional savings requested from the Directorate there will be a further overall saving of £12k by the end of the year. The main reasons for this improved position are revised cost of appointing Director of People and Improvement from January 2007, savings within Marketing and Communications to offset previous service pressures, savings in Legal Services due to additional chargeable work to other departments and a potential new overspend on Human Resources budgets managing a central fee for Occupational Health and recruitment advertising for directorates

Conclusions

Service Performance

- 85 Overall, performance across directorates is either performing well in comparison to other authorities, or is improving. In particular waste recycling, council house re-let & repair times, benefits claim processing, the speed of processing planning applications, and the key indicators for York Pride (i.e. graffiti, fly-tipping and abandoned car removal). The most significant improvement has occurred under Safer City, where a number of crime incident statistics have improved markedly, together with citizen perception of crime and safety in the city.
- 86 There are a number of service delivery areas however, which either needed to be watched closely between now and monitor 3, or where corrective action needs to be taken to turn performance around before 31st March 2007. These include street light repair, missed bin collection, Adult Social Services clients receiving a review and staff sickness in specific directorates.

Financial Performance

- 87 Special monitoring exercises were undertaken continually throughout the summer, identifying at an early stage that there was a potential expenditure pressure in excess of £3m principally focussed on Children's Services and Adult Social Services. Timely action has been taken both by these departments and across the Council to address the overspends and find funding for elements that cannot be dealt with within the departments. The position is continually being reviewed.
- 88 If the current action taken by the Directors continues to be successful, then it is projected that the Council may underspend by £229k.
- 89 If the action is not fully successful any year-end overspend will need to be funded from reserves. All the projected variations are need to be continually monitored as any overspend results in reduced balances. As predicted in the Medium Term Financial Forecast the 2007/08 budget process has been a challenging one and as

much scope as possible will be needed to reduce the impact of service cuts and Council Tax increases.

- 90 There has been a lot of work undertaken within departments and the CMT to manage expenditure and bring budgets in on target. There are, however, some underlying pressures - notably on children's services and adult social services - where the overspends look set to continue. These have been addressed as part of the 2007/08 budget and will clearly need to be monitored as a high priority in future monitoring reports.

Consultation

- 91 CMT & Executive members have considered this report in a joint monitor session. The key actions and recommendations from that session are set out in para 100.

Options

- 92 CMT have undertaken a large amount of work to contain expenditure and look for other savings that can be delivered to ensure that overall the Council does not overspend in the year. Members have the following options
- consider the applications for supplementary estimate requests of £55k to be funded from the contingency fund, as set out in paragraph 59, and decide whether, or at what level, to grant approval.
 - Approve the transfer between general fund and the traded activities profit from Neighbourhood Services of £17,090 relating to procurement savings as set out in paragraph 61.
 - instruct departments to continue to look for savings within their own budgets rather than request supplementary estimates for additional expenditure pressures.
 - Endorse the proposal to take the £480k additional dividend from Yorwaste is incorporated into the general fund reserves when it is received as set out in paragraph 78
 - endorse the action currently being taken by departments to manage the overspends identified.

Members are recommended to accept the proposals in the report.

Analysis

- 93 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

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

Implications

95 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

96 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.

97 The initial report to Members on budget matters this financial year has been through the Revenue Outturn report for 2005/06, which went to the Executive on the 27th June and summarised information that already been reported via EMAPs. The Executive report clearly identified the potential future impact from on-going overspends in paragraph 9 of that report "Members should be assured that some areas of recurring overspend have been addressed as part of the 2006/07 budget process, although there are others which will cause problems into 2006/07. Most notably work is on-going to identify and quantify the prime drivers for the overspends in Adult and Children's Social Services. Such work will assist services in developing appropriate mitigating actions but will also inform the development of the 2007/08 budget and the council's medium term financial strategy." The report went on to clarify this potential impact further firstly with a breakdown of £355k of on-going pressures for Childrens Social Services; and in more general terms referred to a potential underlying overspend in 2006/07 on Adult Social Services and stated "If the underlying pressures are not addressed the scale of the impact in 2006/07 could once again be well over £1m. Work is on-going to quantify and address these issues."

98 The Finance Strategy Report which went to the Executive on the 11th July also reflected these pressures. As part of the medium term financial forecast an estimate was included of the potential need to address current service pressures for Adults and Childrens Social Services. In line with the estimates available at the time these values were recorded at £1,400k and £355k respectively. Between them these two lines represented approximately a quarter of the potential reprioritisation needs for the council in 2007/08 forecast.

99 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. In the same manner this report recommends an ambitious but achievable realignment of funding to deliver a balanced budget. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will continue to be monitored via Directorate Management Teams and, if required, the Corporate Management Team.

Recommendations

100 Members are asked to:

- note the performance issues identified in this report.
Reason: So that corrective action on the performance issues can be addressed by Directorates and EMAPs.
- delegate the responsibility for determining the final format of the amended park and ride scheme to the Director of Resources, taking into account the results of the consultation exercise currently being undertaken and considering the practical implications of implementing the amendments (paragraph 49).
Reason: So that the revised scheme can be implemented within budget and as promptly as possible.
- consider the applications for supplementary estimate requests of £55k to be funded from the contingency fund, as set out in paragraph 59, 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.
- Approve the transfer between general fund and the traded activities profit from Neighbourhood Services of £17,090 relating to procurement savings as set out in paragraph 61.
Reason: The virement request is within the budget areas where the Executive is the responsible body.
- Approve the release of the £1,500k provision for equal pay to fund the estimated costs as set out in paragraph 63.
Reason: the Executive is the responsible body for the release of this provision.
- Approve the transfer of £710k from the one-off resources in 2006/07 to the specific costs of equal pay as set out in paragraph 63.
Reason: The virement request is within the budget areas where the Executive is the responsible body.
- Approve the transfer of £330k from the one-off resources in 2006/07 to the project costs of job evaluation to cover the period to October 2007 as set out in paragraph 65.
Reason: The virement request is within the budget areas where the Executive is the responsible body.

- Approve that the balance of the one-off resources for equal pay and job evaluation are transferred to Reserves at the year-end as set out in paragraph 65.

Reason: The transfer to reserves is within the budget areas where the Executive is the responsible body.

- Instruct departments to continue to look for savings within their own budgets rather than request supplementary estimates for additional expenditure pressures.

Reason: To ensure that all practicable action is taken in departments prior to seeking additional funding from the Executive

- Endorse the proposal to take the £480k additional dividend from Yorwaste is incorporated into the general fund reserves when it is received as set out in paragraph 78

Reason: This is a unique income source to the Council and should become part of the Council's overall resources controlled by the Executive.

- endorse the action currently being taken by departments to manage the overspends identified.

Reason: To enable the Executive to continue to monitor the budget.

Contact Details

Authors:

Janet Lornie, Corporate Finance Manager
Peter Lowe, Improvements Officer

Chief Officers responsible for the report:

Peter Steed: Head of Finance
David Atkinson: Chief Executive

Specialist Implications Officer(s) None

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

All

√

Background Working Papers

Reports to individual EMAP meetings

Annexes

- Annex 1 - York Pride Scorecard for monitor 2
- Annex 2 - Safer City Scorecard for monitor 2
- Annex 3 - Corporate overview of staff performance for monitor 2
- Annex 4 - CPA prediction for 2006
- Annex 5 - Customer First statistics for monitor 2
- Annex 6 - LPSA2 mid-year update
- Annex 7 - General Fund Net Expenditure Budget
- Annex 8 - Variations on Treasury Management Activity
- Annex 9 - Detail of Other Centrally Held Budgets
- Annex 10 - Growth Schemes in 2006/07
- Annex 11 - Savings Proposals in 2006/07

Annex 12 - Position on General Contingency
Annex 13 - Reserves Statement
Annex 14 - Venture Fund

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York Pride Scorecard for Monitor 2 – 2006/07

Annex 1

Code	Description	Directorate Responsible	2004/05 outturn	2005/06 outturn	Aug 2006/07	Nov 2006/07	2006/07 target
COLI 77a	Average time taken to remove obscene graffiti (in days)	Neighbourhood Services	New for 2005/06	1.98 days	1.16 days	1.27 days	2 days
COLI 77b	Average time taken to remove non-obscene graffiti (in days)	Neighbourhood Services	New for 2005/06	4.94 days	2.31 days	2.49 days	4 days
VH5a	Average time taken to remove fly-tips (<i>DEFRA figure</i>)	Neighbourhood Services	New for 2005/06	1.53 days	1.92 days	1.87 days	2 days
VH5b	Average time taken to remove fly-tips (<i>CSO figure</i>)	Neighbourhood Services	1.92 days	1.04 days	1.11 days	0.89 days	1 day
BVPI 218a	% of new reports of abandoned cars investigated within 24 hours of notification	Neighbourhood Services	New for 2005/06	95.79%	99.34%	99.68%	95%
BVPI 218b	% of abandoned cars removed within 24 (from point of being legally able to do so)	Neighbourhood Services	New for 2005/06	89.93%	97.29%	94.82%	95%
COLI 5	% of people satisfied with their local area/neighbourhood	Neighbourhood Services	78%	73%	N/A until Monitor 2	74%	Not set
Local	% of people satisfied with the York area	Neighbourhood Services	81%	75%	N/A until Monitor 2	76%	Not set
BVPI 89	% of people satisfied with local cleanliness	Neighbourhood Services	63%	61%	N/A until Monitor 3	N/A until Monitor 3	63%
BVPI 90a	% of people satisfied with household waste collection	Neighbourhood Services	87%	69%	N/A until Monitor 3	N/A until Monitor 3	Not set
BVPI 90b	% of people satisfied with waste recycling	City Strategy	62%	54%	N/A until Monitor 3	N/A until Monitor 3	Not set
COLI 6	% of tenants satisfied with maintenance of their local open spaces	Neighbourhood Services	84%	77%	N/A until Monitor 3	N/A until Monitor 3	78%
VH37	% of people satisfied with roads & pavements	City Strategy	51%	56%	N/A until Monitor 2	51%	50%
BVPI 187	Condition of York's footways (% needing further investigation)	City Strategy	15.81%	11.3%	N/A until Monitor 3	N/A until Monitor 3	14%
BVPI 199a	% of land and highways with combined deposits of litter and detritus	Neighbourhood Services	24%	22%	N/A until Monitor 2	20.5%	20%
BVPI 199b	% of relevant land and highways where unacceptable levels of graffiti are visible	Neighbourhood Services	New for 2005/06	7.78%	N/A until Monitor 2	5.5%	4%
BVPI 199c	% of relevant land and highways where unacceptable levels of fly-posting are visible	Neighbourhood Services	New for 2005/06	1%	N/A until Monitor 2	0%	1%
BVPI 199d	The year on year reduction in the total number of incidents and increase in total number of enforcement actions taken to deal with fly-tipping	Neighbourhood Services	New for 2005/06	3	N/A until Monitor 3	N/A until Monitor 3	3

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Table 1: Survey measures

Code	Description	Source	2003/04	2004/05	2005/06	2006/07 Latest	4 year Trend
CC2	% of people feeling that York is a safe city in which to live	Talkabout	49%	47%	51%	55%*	Improved
Coli 28	% of residents willing to report crime and anti social behaviour.	Talkabout	55%	57%	76%	72%*	Improved
Coli 29	% of people concerned about going out alone	Talkabout	30%	27%	23%	26%*	Improved
Coli 30	% of people concerned about leaving their house empty	Talkabout	60%	55%	44%	43.5%*	Improved

* based on average of first 2 Talkabout surveys

Table 2: key crime statistics

York's performance against Home Office PSA1 Target	Target reduction by 2008	2003/04 Baseline Number	Target reduction 2007/08 Number	Total numbers Year to Date (12/12/06)	% Difference Year to date compared to last year
Overall crime	↓24.1%	17,948	13,623	15,136	-8%
Domestic burglary	↓30%	2,346	1,642 (1,501)	726	-10%
Common assault	↓10%	1,488	1,339 (2181 + woundings)	531	-4%
Woundings (serious and other)	↓10%	1,018	916 (2181 + common assault)	1,289	-17%
Criminal damage	↓25%	5,379	4,034	2,930	-4%
Theft or unauthorised taking of a vehicle (including attempts)	↓30%	1,066	746 (682)	491	-31%
Theft from a vehicle (including attempts)	↓30%	3,258	3,258 (2,085)	1,700	+19%
Vehicle interference	↓30%	544	381 (348)	375	-33%
Theft or unauthorised taking of a cycle	↓25%	1,854	1,391	1,083	0%

(Data taken from NYP Mi Gateway 12/12/06)

(Figures in brackets are LPSA 2 stretch targets)

Table 3: Other Safer City related measures

Code	Description	Source	2004/05	2005/06	2006/07 latest	2006/07 target
Drugs						
BV198	Problem drug mis-users in treatment per 1,000 head of population aged 15-44	DAT	9.84	10.45	9.32	10.9
Anti-social behaviour						
Coli 2a	% of noise complaints, investigated and closed within 20 working days	EPU	80.4%	84%	82.5%	76%
Coli 104	% of residents reporting that 'noisy neighbours or loud parties' in their area represent a 'very big' or a 'fairly big' problem'	EPU	New for LPSA2	New for LPSA2	Available in Mar 07	11%
PU 12	The proportion of secondary school pupils who have experienced regular bullying	Access and Inclusion	6.8%	6.5%	6.8%	6.5%
Street lighting						
Coli 33	% of street lights not working as planned	Highways	0.77%	0.78%	0.97*	0.70%

* performance was at 1.04% for same period last year

Staff Performance for Monitor 2 – 2006/07

Annex 3

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

Directorate	05/06 OUTTURN	01.04.05 – 31.09.05	01.04.06 – 31.09.06
Corporate Figure	12.48	5.88 days	5.69 days
Chief Executive	8.98	3.71 days	1.87 days
Neighbourhood Services	18.66	9.45 days	5.65 days
City Strategy	11.11	4.82 days	5.02 days
Resources	9.69	4.24 days	3.80 days
LCCS	9.01	3.95 days	3.98 days
HASS	19.82	9.98 days	9.66 days

2 Days lost for stress related illness

Directorate	05/06 OUTTURN	01.04.05 – 30.09.05	01.04.06 – 30.09.06
Corporate Figure	1.97	.97	1.08
Chief Executive	0.45	.43	.10
Neighbourhood Services	1.62	.76	1.08
City Strategy	2.23	.88	1.43
Resources	1.52	.87	.65
LCCS	1.36	.66	.72
HASS	3.93	3.42	1.73

3 Days lost to Short-Term and Long-Term Sickness

Directorate	Short-Term Sickness		Long-Term Sickness	
	01.04.05 – 30.09.05	01.04.06 – 30.09.06	01.04.05 – 31.09.05	01.04.06 – 31.09.06
Corporate Figure	2.72	2.32	3.05	3.37
Chief Executive	2.02	1.90	1.70	0.00
Neighbourhood Svs	3.76	2.75	5.86	4.26
City Strategy	2.64	2.53	2.17	2.17
Resources	2.21	2.86	1.94	1.31
LCCS	2.17	1.51	1.89	2.26
HASS	4.96	3.90	7.11	7.27

4 Other corporate indicators

	Indicator	01.04.06 – 31.09.06	05/06 OUTTURN
BV 16a	% of employees with a disability	2.10%	1.90%
BV 17a	% of employees from ethnic minorities	1.19%	1.38%
CP11	Number of RIDDORS	30	61

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Predicted CPA scorecards for February 2007 & December 2007

Annex 4

Final CPA 2006 Scorecard (February 2007)

	Category	2005	2006	2006 Notes
Level 1	Corporate Rating	3	3	Certain
	Children & Young People	4	4	Certain via OFSTED and CSCI
	Adult Social Care	3	3	Certain via CSCI
	Use of Resources	3	2	Certain via Audit Commission.
Level 2	Benefits	3	3	Certain via BFI
	Culture	2	2	Cultural Services inspection – 2 PIs – 2 (Depends on results from Autumn customer research)
	Environment	2	3 or 4	Waste Management inspection – 2 PIs – 3 or 4 (Depends on results from Autumn customer research.)
	Housing	3	2 or 3	Supporting People Inspection – 2 Housing Management PIs – 2 or 3 Community Housing PIs – 2 (Depends on results from Autumn customer research)
	Council Rating	3 star (Good)	3 star (Good)	

Issues:

- Autumn 2006 customer research results will provide 15 p.i.s across the Culture, Environment and Housing blocks.
- Final environment and housing block scores difficult to forecast at present as dependent on survey results.
- Culture block score depends on survey results but very likely to be 2.

Forecast CPA 2007 Scorecard (December 2007)

	Category	2007	2007 Notes
	Corporate Rating	3	Certain
Level 1	Children & Young People	4	No information at present time to suggest a reduced rating. Capacity to improve may come under pressure.
	Adult Social Care	3	No information at present time to suggest a reduced rating. Stricter application of eligibility criteria will impact on some p.i.s and may bring the block score under pressure. Not certain.
	Use of Resources	2 or 3	Action plan being developed to define what is required to score 3 by Autumn 2007.
Level 2	Benefits	3	Changes to the BFI criteria for 2007 and improved claims handling makes 3 most likely rating.
	Culture	2	PI score = 1, 2 or 3 Using best information to date suggests 2 is most likely.
	Environment	3	PI score = 2 or 3. Using best information to date suggests 3 is most likely.
	Housing	2 or 3	PI score = Very difficult to forecast at present. However information to date suggests that 2 or 3 is most likely.
	Council Rating	3 star (Good)	

Issues:

- Audit Commission have not finalised Culture, Housing or Environment blocks for 2006. Audit Commission to consult on p.i.s for 2007 in spring 2007 – by which time it will be too late to act on the performance of the indicators chosen.
- Culture block position appears slightly healthier than at Monitor 1 discussion as recent Sport England survey results better than expected. However 7 out of 23 2007 p.i.s still at risk of being below threshold.
- Environment block. 14 new p.i.s so difficult to tell. However information we have would suggest 3 is most likely.
- Housing block. 10 new p.i.s (37% of block) so very difficult to tell. Any score is possible. 2 or 3 most likely.

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Annex 5

Letters dealt with within 10 days	2005/06	2nd monitor 2006/07		Change from 2005/06	On target?
		Total rec'd	% answered		
Target = 95%					
CEx	98%	1,175	97%	stable	✓
City Strategy	95%	455	94%	stable	✗
Housing and Adult Social Care	91%	1,601	84%	declining	✗
Learning Culture & Children's Services	98%	2,269	96%	stable	✓
Neighbourhood Services	86%	55	84%	stable	✗
Resources	87%	4,019	98%	improving	✓
Total for Council	94%	9,574	95%	stable	✓

Stage 2 Complaints dealt with within 10 days Target = 95%	2005/06	2nd monitor 2006/07		Change from 2005/06	On target?
		Total rec'd	% answered		
CEx	100%	0	n/a	n/a	n/a
City Strategy	50%	5	80%	improving	✗
Housing and Adult Social Care	59%	11	73%	improving	✗
Learning Culture & Children's Services	93%	3	100%	improving	✓
Neighbourhood Services	n/a	0	n/a	n/a	n/a
Resources	100%	1	100%	stable	✓
Total for Council	76%	20	80%	improving	✗

Stage 3 Complaints dealt with within 10 days Target = 95%	2005/06	2nd monitor 2006/07		Change from 2005/06	On target?
		Total rec'd	% answered		
CEx	0%	0	n/a	n/a	n/a
City Strategy	100%	4	0%	declining	✗
Housing and Adult Social Care	26%	2	100%	improving	✓
Learning Culture & Children's Services	n/a	1	100%	n/a	✓
Neighbourhood Services	n/a	0	n/a	n/a	n/a
Resources	100%	0	n/a	n/a	n/a
Total for Council	40%	7	43%	improving	✗

Visitors seen within 10 minutes Target = 100%	2005/06	2nd monitor 2006/07		Change from 2005/06	On target?
		Total visitors	% seen		
CEx	100%	681	100%	stable	✓
City Strategy	100%	8,979	100%	stable	✓
Housing and Adult Social Care	97%	6,020	95%	stable	✗
Learning Culture & Children's Services	100%	8,080	100%	stable	✓
Neighbourhood Services	n/a	37	100%	n/a	✓
Resources	99%	12,036	99%	stable	✗
Total for Council	99%	35,833	99%	stable	✗

Those needing further help seen within 10 minutes Target = 100%	2005/06	2nd monitor 2006/07		Change from 2005/06	On target?
		Total visitors	% seen		
CEx	99%	552	100%	improving	✓
City Strategy	100%	1,091	100%	stable	✓
Housing and Adult Social Care	88%	1,023	80%	stable	✗
Learning Culture & Children's Services	100%	5,461	100%	stable	✓
Neighbourhood Services	n/a	30	100%	n/a	✓
Resources	100%	450	100%	stable	✓
Total for Council	97%	8,607	98%	stable	✗

Phone calls answered within 20 seconds Target = 95%	2005/06	2nd monitor 2006/07		Change from 2005/06	On target?
		Total rec'd	% answered		
CEx	97%	12,925	96%	stable	✓
City Strategy	93%	46,247	93%	stable	✗
Housing and Adult Social Care	91%	80,181	90%	stable	✗
Learning Culture & Children's Services	95%	57,016	93%	stable	✗
Neighbourhood Services	80%	36,331	82%	improving	✗
Resources	91%	278,304	84%	improving	✗
Total for Council	93%	511,004	87%	declining	✗

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Latest position on LPSA 2 indicators

Annex 6

Deliverer	Measure	Baseline	2006/7 target	Latest performance	Performance at the Conclusion of LPSA2 (2008)		Comments
					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%	20%	20.5% (2 of 3 annual surveys)	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. The implementation of the findings of the review and the launch of the Neighbourhood Pride Initiatives will be the backbone of this improvement programme.
	The % of people satisfied with local cleanliness	60%	63%	60% (2 of 3 surveys in 2006/7)	66%	70%	Following the completion of two Talkabout surveys this year, present performance is at about 60%. To meet the full stretch for this target we will have to improve satisfaction by a further 10% for the year ending March 2008. This indicator represents 20% of the reward grant for the street cleanliness target.
Neighbourhood Services - Waste Strategy Unit	Total tonnage of household waste arisings which have been sent by the Authority for recycling.	10,500 tonnes	22,140 tonnes	23,200 (2006/7 projection)	22,150 tonnes	23,988 tonnes	Encouraging performance in this area suggests that the service is on track to meet the LPSA stretch target.
Safer York Partnership	Number of burglaries	2,346	1,699	701 (Apr – Nov 2006/7)	1,642	1,501	It is forecast that by the end of 2006/7 there will have been 1,052 burglaries and that such encouraging performance will continue to the end of the LPSA agreement. It seems likely therefore that the performance stretch will be achieved in full for this target.
Safer York Partnership	Number of Incidents of violent crime	2,506	2,344	1,810 (Apr – Nov 2006/7)	2,255	2,181	The forecast for 2006/7 is that there will be approximately 2,716 cases of violent crime. It is suggested 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.
Safer York Partnership	Theft or unauthorised taking of vehicle (inc. attempts)	1,066	806	459 (Apr – Nov 2006/7)	746	682	Projections for this indicator suggest that it is on track to qualify for payment of reward grant.
	Theft from a vehicle (inc. attempts)	3,258	2,381	1,660 (Apr – Nov 2006/7)	2,281	2,085	Despite an increase in the incidence of theft from vehicles in the summer months, projections for this indicator suggest that it is on track to achieve at least 60% of the performance stretch.
	Vehicle interference	544	403	354 (Apr – Nov 2006/7)	381	348	Whilst reducing year on year, performance looks unlikely to be sufficient to attract payment of reward grant. This indicator accounts for 5% of the reward grant available for the vehicle crime target.
Neighbourhood Services - Environmental Health and Trading Standards	The percentage of illegal sales detected through Test Purchase Programme	17%	N/A	16.7% average over the 2 year period	20%	10%	Performance in this area is encouraging. This indicator is calculated by taking an average of the performance over the life of the agreement, which presently stands at 16.7%. Over the life of the LPSA a minimum of 160 test purchases will be conducted.
	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%	11%	N/A	13%	9%	We are awaiting the 2006/7 out-turn for this indicator from the Resident's Opinion Survey. Whilst this will not be available until March, a recent customer survey shows very high levels of satisfaction with the council's noise service.

Latest position on LPSA 2 indicators

Annex 6

Deliverer	Measure	Baseline	2006/7 target	Latest performance	Performance at the Conclusion of LPSA2 (2008)		Comments
					Without Stretch	With Stretch	
	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%	58%	55% (2 of 3 surveys in 2006/7)	63%	68%	The performance of this indicator has improved encouragingly over recent years, but will require further and significant growth if it is to qualify for payment of reward grant.
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%	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.
	Average number of offences committed per young offender, whilst subject to a bail or remand episode during the specified year.	3	N/A	N/A	2.9	2.8	Measurement of this indicators will not be possible until the completion of the cohort to which it relates. Final results will be available after April 08.
City Strategy - Transport Planning Unit	Number of people killed or seriously injured (KSI) in road traffic incidents on York's roads.	122	102	N/A	95	85 per year on average	Awaiting annual out-turn data before analysis can be completed
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	1,395	N/A	2,140	2,840	Further work to analyse performance to date and to target new claims or potential increases in existing awards across all categories will follow in 2007.
Learning Culture and Children's Services -	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	310 (aggregate of all three)	235 (aggregate of all three)	93	113	The LPSA targets were slow to be agreed and final sign off did not occur until January 2006. As a result it was then not possible to recruit any one to work on the project until early April. This loss of the whole year means that it was not possible to affect the target.
	The number of adults achieving a Level 1 qualification as part of the Skills for Life Strategy through Adult and Community Learning York.	64			220	360	
	The number of adults achieving a Level 2 qualification as part of the Skills for Life Strategy through Adult and Community Learning York.	124			497	559	
	The number of adults registering for and completing learning programmes offered by or in York's public libraries.	763	838	N/A	2,349	2,519	No comments provided at this stage
Learning Culture and Children's Services	Percentage of young people age 16-18 who are NEET (not in education, employment or training),	4.50%	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.

Latest position on LPSA 2 indicators

Deliverer	Measure	Baseline	2006/7 target	Latest performance	Performance at the Conclusion of LPSA2 (2008)		Comments
					Without Stretch	With Stretch	
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	to be established by 2005/06 active people survey	N/A	24.78% (2006/7 and baseline)	0% increase	baseline +3%	The newly established baseline for this indicator is high performing when compared nationally, though this may prove problematic in stretching performance by an additional 3%
	% 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%	N/A	71% 2006/7	85%	88%	The performance of the survey result shown is encouraging and suggests that further enhancement towards the stretch target can be achieved.

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General Fund Net Expenditure Budget

	2006/07	
	£000	£000
Net Expenditure Budget		97,769
Use of Balances (agreed at Budget Council)		1,100
Use of Commercial Services Profits (agreed at Budget Council)		<u>189</u>
Starting Service Net Expenditure Budget		99,058
Use of General Fund Balances Agreed During Year		
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)	<u>100</u>	1,237
Use of Commercial Services Profits Agreed During Year		
Adjustment in target (effect of Exec 10 Oct 06)	<u>20</u>	<u>20</u>
Revised Service Net Expenditure Budget		100,315

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Variations on Treasury Management Activity

	Net Budget £000	Projected Out-turn £000	Variance £000
<u>Interest Earned on Average Balances</u> Following the revision made to the budget at monitor 1 interest rates were increased in line with the expectation and although underlying average balances are now lower than anticipated due to the delay in capital receipts the decision to borrow £5m in November has resulted in average balances are expected to remain at their predicted levels. There is as a result no change to the forecast outturn on interest earned from Monitor One.	(1,190)	(1,190)	-
<u>Minimum Revenue Provision (MRP) decrease</u> MRP remains at the same level as predicted in monitor 1.	2,627	2,627	-
<u>Long Term Borrowing</u> Monitor One reported a delay in this years long term borrowing until September, the Council was forecast to borrow over £17m in 2006/07, but has only borrowed £10m to date at a fixed interest rate of 4.05%. This borrowing is less than budgeted for, at a lower rate of interest and has been taken later in the financial year than originally budgeted for. This has resulted in a projected £104k underspend.	3,869	3,765	-104
<u>BCCI Dividend</u> The 5th dividend payment from the BCCI liquidators has been announced and the Council are due \$154k, which equates to around £81k at current exchange rates. The Bank of Credit and Commerce International (BCCI) collapsed in February 1992. At that time the City of York Council had outstanding investments with BCCI of £1,386k, to date the Council has received almost £1,243k (90%) of the initial investment. Further dividends are anticipated although the percentage amount recovered is likely to diminish.	-	(81)	-81
<u>Miscellaneous</u> Other net small variances are expected to break even.	1,439	1,439	-
Total	6,745	6,560	-185

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Detail of Other Centrally Held Budgets

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
<u>Pensions - Costs of Early Retirements</u> This is the cost of decisions made to allow staff to take early retirement in prior years, together with the implications of the '85-year' rule for both the Local Government Pension Scheme and the Teachers' Pension Scheme. The increased costs are due to new retirements under the latter.	801	1,106	+305
<u>Redundancy Payments</u> At the moment redundancy payments are expected to lower than the budget provided, but the saving is needed to compensate for the additional costs of retirements shown above.	525	473	-52
<u>Park & Ride - provision for staff passes costs</u> The budget included a saving to reduce the expenditure by £45k pa. It is not expected that this can be fully delivered in 2006/07, but is being looked at as part of the Job Evaluation exercise.	70	70	-
<u>Reserve for 53 week pay year</u> The next 53 week pay year is 2007/08. This money is set aside each year to meet these occasional costs to ensure that there is no additional expenditure pressure every 5 - 6 years.	59	59	-
<u>Employer Superannuation Contributions to North Yorkshire Pensions Fund</u> This represents the additional amount that is budgeted to meet the Council's liability on the fund. The rate charged to service accounts is in line with FRS17 rules, but the total cost to the Council is 17.6%.	605	605	-
<u>Revenue Support Grant (RSG) Amending Report 'Clawback'</u> The Council were advised that RSG granted in prior years was to be 'clawed back' as part of the settlement for 2006/07 for redistribution to other Councils. This was a consequence of the government recalculating	231	231	-
<u>Capital Programme running costs</u> This is to fund the revenue consequences of specified capital schemes. When the development 'goes live' the money will be transferred to the service budget.	301	48	-253
<u>Specific Contingency for Rental Income losses</u> This money is set aside to compensate the revenue accounts where there is a loss of rental income due to an asset being sold to generate a capital receipt to support the capital programme. This is the estimated part year effect of what may be needed.	25	25	-
<u>Specific contingencies set up as part of the budget process</u> This is the provision made for the costs of the job evaluation exercise. Any money not needed for the in-year costs of the project will be transferred to reserves to meet the future costs of decisions made.	1,191	1,191	-
<u>Other central provisions</u> This includes specific contingency items set aside in the budget process which have not yet been allocated and provision for bad and doubtful debts.	368	368	-
Total	4,176	4,176	-

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Growth Schemes in 2006/07

Children's Services - non DSG

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Staffing Increments	139.00		On target
Easy @ York	12.00		On target
Teacher's Workload Reforms	45.00		On target
Teacher's Performance Pay Grant	74.00		On target
IT Development Plan	54.00		On target
Maintain LPSA Adoption Investment	30.90		On target
Maintain LPSA Employment of Care Leavers Investment	17.00		On target
Foster Care Placement Costs	50.00		On target
Management Information Service Investment	32.00		On target

Growth Total 453.90

Leisure and Culture

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Staffing Increments	30.00		On target
Easy @ York	6.00		On target
Contribution to the 2010 Mystery Plays	20.00	✓	On target
Library Standards - Book Stock	10.00		On target
Loss of English Nature Grant	13.00		On target
Improving Youth Service Standards	51.00		On target
Sports Management Restructure	20.00	✓	On target

Growth Total 150.00

Economic Development

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Salary Increments	7.00		On target

Growth Total 7.00

Growth Schemes in 2006/07

City Strategy

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Salary Increments	124.00		On target
Highway Maintenance Prudential Borrowing	46.00		On target
Highways Maintenance Contract	377.00		On target
Daytime Car Parking Charges	300.00		Budget allocated, however, in effect the budget has not been required due to increase in usage of CYC car parks.
Freeze Car Park Charges for 2006/07	150.00		On target
Land Charges - Service Pressure	50.00		On target
Development Control Action Plan	270.00		On target
Sustainability Initiatives	40.00		On target
Contribution to Easy@York	40.00		On target
Major Public Inquires	500.00	✓	Likely to be £180k underspent due to lower than expected legal fees.

Growth Total 1,897.00

Neighbourhood Services

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Salary Increments	33.00		On target
Waste Strategy	250.00	✓	On target
Landfill Tax	245.00		Underspend of £45k offset by a corresponding increase in costs in waste operations
Plastic and Cardboard Recycling Banks	47.00		On target
Plastic and Cardboard Kerbside Recycling	70.00	✓	On target
Recycling Initiatives	30.00		On target
Medical Waste	10.00		On target
Crematorium - Service Pressure	30.00		On target
Crematorium - Minor Upgrade	10.00	✓	On target
Pest Control	15.00		On target
Gambling Act	18.00	✓	On target
Contribution to Easy@York	7.00		On target
Double Taxation	5.00		On target

Growth Total 770.00

Growth Schemes in 2006/07

Chief Executive's Department

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Staff Increments	47.30		On target
York Community Pride	25.00		On target
Easy@York Contribution	15.00		On target
Safer Cities	50.00		On target
Contribution to the Youth Offending Team	50.00		On target

Growth Total 187.30

Resources Directorate

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Staff Increments	131.00		On target
Contribution to Easy@York	31.00		On target
Finance Staff	25.00		On target
Housing Benefit Post from Additional RSG	54.00		On target
Housing Benefit Venture Fund Repayment	25.00	✓	On target
FMS Replacement Project	100.00	✓	Slippage in the project to 2007/08 means that an underspend is anticipated, however funding will need to be carried forward.
Additional Post within the Benefits Service	18.00		On target

Growth Total 384.00

Housing General Fund

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Staff Increments on Housing Non Landlord	4.00		On target
Homelessness Prevention	10.00	✓	On target
Regional Housing Contributions	15.00		On target

Growth Total 29.00

Growth Schemes in 2006/07

Adult Social Services

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Corporate Services			
Staff increments	126.50		On target
ISIS Customer Database Replacement	30.00	✓	On target
Electronic Social Care Record (ESCR)	34.30	✓	On target
Contribution to Easy @ York	53.00		On target
Learning Disabilities			
Deputy Head of Service	13.00	✓	On target
Mental Health			
Mental Health grant	30.00		On target
Older People & Physical Disabilities			
Residential & Nursing Fees	100.00		On target
Windsor House	98.00		Only expect to spend £49k in 2005/06 due to slippage from delays in re-providing Windsor House as an EMI complex.

Growth Total 484.80

Overall General Fund Services Total 4,363.00

Children's Services - DSG

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Staffing Increments - Centrally Employed Staff	45.00		On target
Teacher's Workload Reforms - Centrally Employed Teachers	45.00		On target
Teacher's Workload Reforms - School Employed Teachers	384.00		On target
KS3 Personalised Learning	298.00		On target
Primary Personalised Learning	268.00		On target
14-16 Practical Learning Options	123.00		On target
Nursery Education Grants	350.00		On target
Out of City Placements	237.00		On target
Westside Secondary School Reorganisation - Contingency	360.00		On target
Loss of Minor Grant Funding	50.00		On target
Ethnic Minority Service Welfare Worker	30.00		On target
PRUs and Skills Centre - Increased Pupil Numbers	70.00		On target

Growth Total 2,260.00

Growth Schemes in 2006/07

Housing Revenue Account

Brief Description	Net Cost 2006/07 £(000)	One- off	Comments
Sx3 Allocations policy amendments / licensing cost	10.00		On target
Staff Increments on Housing Revenue Account	31.00		On target
Mobile IT working	25.00	✓	On target

Growth Total 56.00

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Savings Proposals in 2006/07

Children's Services - non DSG

Brief Description	Saving 2006/07 £(000)	One- off	Comments
ACCESS & INCLUSION			
Access Services			
Student Support Staffing	67.00		On target
Transport Administration - Delete Post	15.00		On target
Discretionary Transport Budget Saving	15.00		On target
Clothing Grants Budget Reduction	5.00		On target
Special Educational Needs Service			
SEN Monitoring & Evaluation Saving	20.00		On target
SEN Administration - Delete Post	18.00		On target
Educational Psychology - New Responsibilities	51.00		On target
CHILDREN AND FAMILIES			
Procurement Savings	6.00		On target
Close Residential Children's Home	164.00		On target
LIFELONG LEARNING & CULTURE			
Adult & Community Education			
Non-Accredited Provision - Cut Grant to York College	9.00		On target
Means Test Administration Fee Increase	1.00		On target
IT Programme - Introduce Administration Fee	2.00		On target
Carecent Art Workshops - Reduce Funding	8.00		On target
Popular Programmes - Above Inflation Fee Increase	2.00		On target
Arts & Culture			
Arts Administrative Support Reorganisation	9.20		On target
Music Tuition - Above Inflation Fee Increase	15.00		On target
Music Tuition - Increased Pupil Numbers	26.00		On target
Theatre Royal SLA Reduction	10.00		On target
RESOURCE MANAGEMENT			
Finance			
Bank Accounts for Schools (BAFS) Scheme Cash Flow Saving	35.00		On target
Increased SLA Income From Schools	9.00		On target
Non Staff Budgets Reduction	3.00		On target
Staff Restructure Saving	5.00		On target
Human Resources			
Retirement & Redundancy Costs	0.00		On target
School Crossing Patrols - Vacancy Factor	16.00		On target
Trade Union Duties - Budget Reduction	3.00		On target
ICT Client Services			
Broadband Project Management Recharge	5.00		On target
Planning & Resources			
Non Staff Budgets Reduction	4.00		On target
Contract Monitoring Charges - Above Inflation Increase	4.00		On target
Introduce Grounds Maintenance Contract Monitoring Service	10.00		Proposal not implemented.
STANDARDS & QUALITY			
School Governance Service			
Governor Dispatch - Reduce Frequency	3.00		On target
Clerking SLA - Above Inflation Increase	2.00		On target

Savings Total 542.20

Savings Proposals in 2006/07

Leisure and Culture

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Arts and Culture			
Impressions Service Level Agreement - Ceased	31.00		On target
Arts Service Level Agreements - Budget Reduction	2.00		On target
Events & Festivals - Budget Reduction	2.00		On target
Libraries & Heritage			
Library Income Generation	10.00		Unlikely to be achieved.
Business Information - Cease Service	29.00		On target
Community Development Team - Reduction	11.00		On target
Parks & Open Spaces			
Micklegate Stray Rental Income	50.00		On target
Allotment Rental Income	1.00		On target
Sports & Active Leisure			
Swimming Pool Rate Revaluations	50.00		On target
Sports Facilities Management Savings	10.00		On target
All Saints Sports Hall Saving	10.00		On target
Sports Customer Relocation - Delete Post	14.00		On target
Sports Facilities IT Manager - Delete Post	7.00		On target
Sports Management Restructure	40.00		On target
Sport & Active Leisure Project Assistant - Delete Post	15.00		On target
PE & School Sport Support - Reduce Service	20.00		On target
Youth Service			
Training Budget Reduction	10.00		On target
Youth Officer - Delete Post	46.00		On target

Savings Total 358.00

Economic Development

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Unallocated Saving from 2005/06	20.00		On target
Inward Investment	25.00		On target
Tourism - Staffing	18.00		On target
Tourism	25.00		On target
Labour Market	18.00		On target
Specialist Markets	3.00		On target

Savings Total 109.00

Savings Proposals in 2006/07

City Strategy

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Free Bus Pass Scheme	150.00		On target
Bus Information - Restructure of Provision	55.00		The ongoing provision of bus information is £12k more than budget for 2006/07 only.
Transport Planning Section	45.00		On target
Directorate Insurance Charges	70.00		On target
Winter Maintenance	5.00		On target
Street Lighting Energy Savings	83.00		A saving has been made in 2006/07 due to reduced inventory, however price rises have more than offset the savings in consumption. A one-off saving has been made in 2006/07 due to a previous year's rebate.
Lay-by Maintenance Budget	25.00		On target
Cycle Margin Maintenance	20.00		On target
Safety Fence Maintenance	20.00		On target
Highways Operations Team	45.00		On target
Highways Procurement Savings	377.00		On target
Engineering Consultancy - Staff Reduction	24.00		On target
Engineering Consultancy - Agency Staff	20.00		On target
Builder Signs Approvals	2.00		On target
Charge Rentals for Signs on Street Furniture	10.00		On target
Parking Enforcement	80.00		On target
Decriminalised Parking - Venture Fund	53.00		On target
Parking Efficiencies	200.00		On target
City Development	35.00		The team has been left under-resourced to deal with planning advice at Terry's and British Sugar as well as progress at Hungate. Additional temporary staff have been recruited to help with the workload funded by the DLF reserve.
Emergency Planning	6.00		On target
Building Control - Volume Increases	48.00		On target
Design and Conservation	15.00		On target
Development Control Enforcement	6.00		On target
Development Control Administration	7.00		On target
Street Naming	2.00		On target
Resources & Business Management	30.00		On target
Directorate Training Budget	10.00		On target

Savings Total 1,443.00

Savings Proposals in 2006/07

Neighbourhood Services

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Rationalise Air Quality Monitoring Stations	25.00		On target
Air Quality Administration	12.00		On target
Trading Standards	27.00		On target
Reduce Trading Standards Legal Fees	5.00		On target
On-line Legal Information Service	3.00		On target
Food Safety	6.00		On target
Export Certificate Income	5.00		On target
Licensing Act	18.00		On target
Housing Regulation	8.00		On target
Crematorium Fees	39.00		Not achieved due to decrease in death rate, but a supplementary request has been requested.
Additional Garden Waste Collection	122.00		On target
Additional Kerbside Recycling Material	80.00		On target
Waste Collection Costs	72.00		On target
Household Waste and Recycling Centres	55.00		On target
Household Waste and Recycling Centres	30.00		On target
Charge for Refrigerator Collection from FE Establishments	3.00		On target
Waste Strategy Unit	12.00		On target
Private Drainage	8.00		On target
Restructure of Street Environment Service	30.00		On target
Bulky Waste Collection	10.00		On target
Collection charge for Refrigerators	15.00		On target
Abandoned Vehicles	12.00		On target
Flooding Emergencies	10.00		On target
Transfer of Critical Ordinary Watercourses (COW's)	13.00		On target
Engineering Consultancy	11.00		On target
Ward Committees	163.89		On target

Savings Total 794.89

Chief Executive's Department

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Recruitment Pool	16.00		On target
Flexible Benefits	10.00		On target
Re-prioritisation of performance improvement activity.	35.00		On target
Reduction in Working Hours	8.60	✓	On target
HR Supply Agency Subsidy	9.23		On target
Training Centre Expenditure	10.00		On target
Reduction in Secretarial Support	6.40		On target
Admin Support Post in Civic, Democratic & Legal	8.00		On target
Member Deliveries	12.00		On target
Legal Admin Support	4.40		On target
Changes to Recruitment Advertising Arrangements	52.00		Due to difficulties ensuring delivery arrangements for new publication this saving has not been actioned. A growth bid has been put forward to remove the saving in 2007/08. The overspend has been funded from savings identified elsewhere in the directorate.
Restructure of Chief Executive's Directorate	150.00		On target

Savings Total 321.63

Savings Proposals in 2006/07

Resources Directorate

Brief Description	Saving 2006/07 £(000)	One- off	Comments
De Minimus Savings	8.90		On target
Lease Savings	179.00		On target
SX3 System	50.00		On target
Application Software	4.00		On target
Staff Turnover	40.00		On target
Payroll Contracts	5.00		On target
Housing Benefit Overpayments	25.00		On target
Assistant Director Business Management	25.00		On target
Commercial Property Rents	10.00		On target
Court Costs Recovery Income	40.00		On target
Increase in Court Costs for Council Tax	65.50		On target
Increase in Court Costs for Non Domestic Rates	13.12		On target
Registry Office Income	30.00		Prices were increased in line with the budget, however overall income in the registry office is due to be below budget primarily due to a reduction in wedding numbers.
Resources Restructure	15.00		On target
Salary Sacrifice	10.00		On target
Invoice/Payment Data Checking	4.00		On target
Proactive Benefit Fraud Work	6.00		Due to a change in the way the subsidy is calculated for CYC no further grant is available for rewarding fraud work.
Target Current Benefit Overpayments for Unidentified Fraud	8.00		
ITT Staff Saving	28.00		On target
Reduction in face to face cashiering	20.00		On target
Business Management Admin Assistant Post	8.00		On target
Welfare Advisor Post	25.00		On target
Reduction in Audit Fees	20.00		On target
Remove Post in Payroll	10.00		On target
Property Fees	58.00		On target
Building Lease Costs	45.00		The assumed savings have not arisen as no admin accommodation has yet been released.
Mobile Phones	10.00		On target
Technical Support Post	8.70		On target

Savings Total 771.22

Treasury Management Savings

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Interest on Capital Receipts	120.00	✓	
Prudential Borrowing	24.00		

Savings Total 144.00

Savings Proposals in 2006/07

Housing General Fund

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Fee increase for administration of York Repair Grant	16.00		On target
Supporting People Administration	50.00		On target
Early Intervention and Prevention Services	20.00		On target

Savings Total 86.00

Adult Social Services

Brief Description	Saving 2006/07 £(000)	One- off	Comments
All service plans			
Charging for Discretionary Services	130.00		On target
Introduction of an upper capital limit for non residential	30.00		On target
Corporate Services			
Policy & Planning Officer	40.70		On target
Programme Support Officer	25.10		On target
Training & Leaflets	19.10		On target
Changing telephone provider and procurement	17.12		On target
Staffing reductions in Corporate Support	13.00		On target
Learning Disabilities			
Respite care service	30.00		On target
Contracted services			
Contracted services			
Bringing customers back into area from out of county provision	0.00		On target
Miscellaneous	7.20		On target
Reconfiguration of in-house service of Individual Day supports	27.60		On target
Reduce staffing hours at Greenworks	20.00		On target
Contracted services	10.00		On target
Older People & Physical Disabilities			
Block contracting of Home Care	110.00		£65k slipped on re-tendering community support
Develop Extra Care Services	35.00		On target
Day centre services	43.00		On target
Respite care	17.00		On target
Procurement	3.35		On target
Respite care	25.00		On target
Project Management	27.00		On target
Reduce 4 week waiver for transitional care charging to 2 weeks	17.00		On target

Savings Total 647.17

Savings Proposals in 2006/07

Corporate Items

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Minimum Revenue Provision - Local Govt Re-organisation costs	504.00		On target
Critical Ordinary Watercourses to Env Agency	19.00		On target
Contingency Savings (Non-utilised 2005/06 funding)	415.00		On target
One-off 2005/06 Contingency Items	125.00		On target
Staff Park & Ride Pass Entitlement	45.00		Not expected to be fully delivered in 2005/06 - projecting £25k shortfall.
Reduced Subscriptions to the Regional Association	15.00		On target
Insurance	100.00		On target
Waste Performance & Efficiency Grant	100.00		On target
Management Challenge	100.00		CMT included this in the proposals to re-balance the budget.
Waste Performance & Efficiency Grant	193.80		On target
Use of Planning Delivery Grant	310.00		On target

Savings Total 1,926.80

Overall General Fund Services Total 7,143.91

Children's Services - DSG

Brief Description	Saving 2006/07 £(000)	One- off	Comments
ACCESS & INCLUSION			
Special Educational Needs Service			
Learning Support Assistants Budget Reduction	20.00		
Inclusion Outreach Budget Reduction	40.00		
Area Teachers - Delete Posts	72.00		
LIFELONG LEARNING & CULTURE			
Early Years & Extended Schools			
Early Years Efficiency Savings	11.00		
Shared Foundation Conference - Cease	3.00		
Childminding Development SLA Budget Reduction	17.00		
Out of School Care SLA Budget Reduction	18.00		
Creating New Childcare Places - Grant Reduction	42.00		
Play Grant Budget Reduction	11.00		
Play Groups SLA Budget Reduction	6.00		
Childcare Practitioner Bursaries - Cease	13.00		
Play Conference - Cease			
This would end the annual Play Conference.	3.00		
STANDARDS & QUALITY			
Educational Development Service			
School Performance Management Grant Budget Reduction	74.00		

Savings Total 330.00

Savings Proposals in 2006/07

Housing Revenue Account

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Reduction in the communal electricity budget	10.00		This saving will not be achieved due to previous year billing issues that have resulted in outstanding bills being paid in 2006/07. This should not recur in future years.
Reduction in void decorating vouchers supplied	10.00		On target
Reduction in bad debt provision for current tenant arrears	155.00		On target
Procurement Savings	8.60		On target
Telephones	2.40		On target
Increased numbers of Tees Talley properties managed	3.00		On target
Savings from Partnering Agreement	20.00		Being closely monitored to ensure savings can be delivered by end of financial year.
Reduction in garage rent loss	5.00		On target
Reduction in void turnover time	30.00		On target

Savings Total 244.00

Neighbourhood Services - Traded Activities

Brief Description	Saving 2006/07 £(000)	One- off	Comments
Building Maintenance Administration	13.38		On target
Develop External Business	50.00		On target
Purchase of Plant	8.41		On target
Waste Services	11.80		Achieved part year saving
Cleaning Supplies	12.88		On target
Maintenance of Cleaning Equipment	7.52		Achieved part year saving
Street Scene	23.58		On target

Savings Total 127.57

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Position on General Contingency

Amount Included in Budget Papers £000	Portfolio Area		Recurring (R) One-off (N)	Already Approved £000	Request This Report £000	Budget Probably Needed £000	Budget Total £000
		Original Allocation					800.0
		Already Released					
177.0	LCCS	Loss of Safeguarding Children's Grant (Exec 10/10)	R	79.0			-79.0
200.0	Exec	Funding of redundancy and early retirement costs (Exec 10/10) - 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
58.6	Corp Servs	Additional Health and Safety Resource (Ch. Ex) (part year - from 1 December 2006) (Exec 24/10)	R	8.5			-8.5
400.0	HASS	Demand and Complexity	R	400.0			-400.0
		Requests in this report					
44.0	Neigh Servs	Shortfall in Crematorium income	R		55.0		-55.0
		Balance Remaining					157.5
		Items identified during budget setting					
100.0	LCCS	Foster Care Payment Rates	R			-	-
53.0	HASS	Loss of Supporting People Income (Housing General Fund) (not now expected to be needed in 2006/07)	R			-	-
34.0	HASS	Loss of Supporting People Income (Adult Social Services) (not now expected to be needed in 2006/07)	R			-	-
60.0	HASS	Homecare Fees (not now expected to be needed in 2006/07)	R			-	-
100.0	HASS	Residential and Nursing Fees (not now expected to be needed in 2006/07)	R			-	-
50.0	City Strategy	Impact of reduced number of land charges (not now expected to be needed in 2006/07)	R			-	-
237.0	Neigh Servs	Replacement kerbside recycling vehicles (LPSA2 agreement now signed and pump priming grant received)	R			-	-
15.0	Neigh Servs	Additional licensing act responsibilities (not now expected to be needed in 2006/07)	R			-	-
250.0	Exec	Impact of delays on achieving capital receipts (not now expected to be needed in 2006/07)	R			-	-
		Total Approved		587.5			
		Held against Potential Budget overspends, Exec report 10/10					
	All	To balance overall position	N	179.0			-179.0
		Total Requested for Approval in Report			55.0		
		Total included in identified potential pressure areas during the estimate process that may still be needed				-	
		Potential Balance on Contingency					-21.5

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Reserves Statement

	£000	£000
General Fund Reserve		
Balance at 31 March 2006		(5,347)
Less: <u>Use of Funds Agreed by Members</u>		
To balance the 2006/07 budget	1,100	
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	2,358
	<hr/>	
Add: <u>Repayment to General Fund Balances</u>		
NNDR rebates (as agreed at Exec 7 Oct 03)	(500)	
Reduced requirement for Public Inquiries - used in 05/06 (Exec 27 Jun 06)	(21)	
Transfer from Leisure Section 106 for commuted sums (Exec 10 Oct 06)	(59)	(580)
	<hr/>	
Revised General Fund Reserve		(3,569)
Other Revenue Reserves		
Commercial Services Reserve		
Balance at 31 March 2006	-300	
Add: Anticipated net surplus over the contribution to the General Fund in 2006/07	-30	
	<hr/>	
Revised Commercial Services Reserve		(330)
Venture Fund (see Annex 14)		
Balance at 31 March 2006	(2,322)	
Less: Anticipated net use of Fund in 2006/07	701	
	<hr/>	
Revised Venture Fund Balance		(1,621)
Total Revenue Reserves		<hr/> (5,520)

The minimum recommended level for reserves in accordance with the CPA will be around **£4,950k**.

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Venture Fund

The table below shows the transactions that have taken place on the Venture Fund since its creation in 1997/98.

	Note	£000	£000
Value of Fund at its' creation in 1997/98			(4,000)
Less: Advances approved and made			
NRM Land		1,187	
24 Hour Care		35	
Primary School Amalgamation		160	
Innovation Centre		250	
Decriminalised Parking		200	
Mobile Classrooms		265	
Sx3		722	
Temporary Classrooms		271	
Clifton Green School		66	
Westfield School		83	
Amy Johnson Way		232	
Knapton Farm		213	
Resources Accommodation		142	
DEDS Restructure		433	
Public Service Agreements		159	
Benefits Take Up Campaign		111	
Procurement		187	
Staff Cycle parking		48	
Mansion House		8	4,772
			<u>772</u>
Add: Income Transactions			
Loan Repayments		(2,981)	
Interest Earned		(233)	
Interest remitted as per Resources restructure approval		120	(3,094)
			<u>(2,322)</u>
Balance at 31 March 2006			
Advances Approved by Members, but not yet Advanced:	1		
Oaklands School		107	
Assets in Good Repair		96	
LPSA2		1,210	1,413
			<u>(909)</u>
Anticipated repayments and interest (net) during 2006/07			<u>(712)</u>
Expected Value at 31 March 2006			<u>(1,621)</u>

Note:

1 Some of the advances may not be made in 2006/07, but will be made in future years.

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Executive16th January 2007

Report of the Director of Resources

CAPITAL PROGRAMME - MONITOR TWO**Report Summary**

1. The purpose of this report is to inform the Executive of the likely outturn position of the 2006/07 Capital Programme based on the spend profile and information to November, as reported to Executive Member with Advisory Panel (EMAP) meetings for each portfolio;
2. To advise the Executive of £99k of net additional external funding;
3. To advise the Executive of £1.61m of financial slippage and request its approval;
4. To inform the Executive of £260k of overspends and provide options to fund it;
5. To inform the Executive of the funding position of the capital programme, taking account of the current capital receipts forecasts for the 3 year capital programme.

Background to the 2006/07 – 2008/09 Capital Programme

6. The 2006/07 – 2008/09 capital programme was approved by Council on 1st March 2006. Since then a number of amendments have taken place as part of the 2005/06 Outturn Report, Monitor One and through adjustments made under delegated authority. These changes have resulted in a current approved capital programme for 2006/07 of £53.408m, financed by £39.379m of external funding, leaving a cost to the Council of £14.029m to be financed from capital receipts. Table 1 illustrates the movements from the start budget to the current approved position.

	Gross Budget £m	External Funding £m	Cost to CYC £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)
Current Approved Capital Programme	53.408	39.379	14.029

Table 1 – Current Approved Capital Programme

Consultation

7. The Capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 1st March 2006. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

8. Against a current approved budget of £53.408, there is a predicted outturn of £52.157m, £1.251m less than the current approved budget. The projected outturn against budget is highlighted in Table 2. Key variances include
- Reprofiting of the Acomb Library scheme of £700k,
 - Re scheduling of elements of the York Pools scheme of £427k,
 - Re profiling of the Parks and Open Spaces Development scheme of £185k,
 - Rescheduling of Local Transport Plan works to future years of £326k,
 - Additional investment in IT systems of £300k,
 - An overspend of £260k on the replacement depot,
 - Removal of a scheme to develop land on hospital fields road £110k.

Department	Current Approved Budget 2006/07	Projected Outturn	Variance	Paragraph Reference
	£m	£m	£m	
Children's Services	12.878	12.878	0.000	11-13
City Strategy	19.630	19.564	-0.066	14-25
Economic Development	0.361	0.361	0.000	26
Housing	10.046	10.041	-0.005	27-28
Leisure & Culture	2.263	1.001	-1.262	29-30
Neighbourhood Services	0.697	0.699	0.002	31-32
Resources (inc Easy @ York)	6.862	6.942	0.080	33-35
Social Services	0.671	0.671	0.100	36
Total	53.408	52.157	-1.251	

Table 2 – Capital Programme Forecast Outturn 2006/07

9. To date there has been £30.3m of capital spend, which represents 57% of the approved budget, this is more than the £27.1m (60%) spent last year, but in line with previous years' spend profiles.
10. The main highlights of this monitoring report are:
- a) The completion and opening of the £2.3m Clifton Green Integrated Children's Centre which provides family social services, health services, Sure Start services and childcare facilities on the site of Clifton Green Primary School,
 - b) The completion and opening of the £3m James Street Link Road to ease traffic levels on Foss Islands road in anticipation of the development of the former depot site,
 - c) The rapid progress been made on the upgrade and extension of Huntington Secondary School, involving the refurbishment of 12 classrooms and provision of Youth and Performing Arts facilities for pupils and the local community,
 - d) Additional capital investment of £300k in IT equipment to be funded from prudential borrowing.
 - e) To place some Local Transport Plan schemes on temporary hold to allow flexibility in scheme management in 2007/08.
 - f) Approval of a new £5.4m 25 metre swimming pool integrated with Oakland's sport centre.

Analysis

11. The Executive Member with Advisory Panels (EMAP's) met during December to report on the performance of each portfolio. A summary of the key implications on the capital programme are highlighted below.

Education and Children's Services (EMAP - 7th December 2006)

12. The approved budget 2006/07 for Education and Children's Services is £12.878m following the adjustments made at Monitor One. A review of progress on current schemes has been made and it is anticipated that all schemes will outturn to the current plan. There are, however, changes that are proposed that impact upon 2007/08, 2008/09 and 2009/10. Table 3 gives a summary of the changes on a scheme by scheme basis.

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	Total £m
Approved Programme	12.878	16.485	8.000	0.00	37.363
York High School		0.400	1.550	0.250	2.200
NDS Modernisation		-0.400			-0.400
Revised Capital Programme 2006/09	12.878	16.485	9.550	0.250	39.163

Table 3 – Education and Children's Capital Programme

York High School (Scheme Cost £12.200m)

13. This scheme is currently at the planning and design stage with the major scheme expenditure expected in 2007/08 and 2008/09. During the detailed design stage it has become clear that the full scheme cost will be significantly greater than was anticipated at the time of the initial bid. If the scheme is to deliver all of the requirements included in the design brief, the level of investment will need to be increased by £2.05m. The increase is due, in part, to higher than anticipated costs of refurbishing the existing building. Refurbishment is generally responding to both the poor condition of the building and the need to meet new legislation. In so doing the building will need to meet the DfES requirement to achieve a 'very good' rating under BREEAM (Building Research Establishment Environmental Assessment Method) for schools and meet the new Part L building regulations, including the use of renewable fuels. The main elements of this work are the upgrading of the Mechanical and Electrical installation and the replacement of all windows with double glazed units. There are also additional highway and infrastructure costs on the site, and a significant programme of work that will be needed on the Lowfield School site to ensure that the curriculum can continue to be delivered whilst the York High scheme is completed.
14. To fund this additional investment it is proposed to use £750k of funding in addition to the £150k already earmarked towards the school, from the Local Authority Formula Capital (Modernisation Scheme) between 2007/08 to 2009/10. In addition, it is also proposed to fund £1.3m through prudential borrowing from the Schools Budget. This can be funded from the revenue savings that will arise from the merger of the two schools.

City Strategy (EMAP – 11th December 2006)

15. The current approved budget for City Strategy is £10.835m following adjustments made at Monitor One. Proactive reprofiling of budgets has been offset slightly by an overspend on the new depot resulting in a reduction in the 2006/07 programme of £66k. Table 4 summarises the proposed adjustments.

	2006/07 £m	2007/08 £m	2008/09 £m	Total £m
Approved Programme	10.835	7.317	6.042	24.194
Local Transport Plan reprofiling	-0.326	+0.326		0.000
New Depot Replacement	+0.260			+0.260
Revised City Strategy Capital Programme	10.769	7.643	6.042	24.454

Table 4 – City Strategy Capital Programme

16. The main reason for the reprofiling of schemes is because of the size and complexity of the 2007/08 planned programme. A reduction in the integrated transport funding over the next few years and the planned delivery of Moor Lane Roundabout in 2007/08 means that there is likely to be less funding available for other integrated transport schemes in 2007/08.
17. In previous years any schemes that could not be completed for progress or funding reasons would be slipped to the following financial year, with the associated funding reprioritised in year. However, because of the potential restrictions in 2007/08, rather than automatically carrying over all of the schemes which can not be completed in 2006/07, it is proposed to put some schemes on temporary hold and undertake a comprehensive review of the programme for the next few years before preparing the allocations for 2007/08. All schemes will be reprioritised against the objectives of the LTP and assessed for value for money and affordability. Currently there are large mixture of minor scheme valued at £326k that can be delayed in this year with the funding to be reallocated in 2007/08.

Replacement Depot

18. The replacement Depot has now reached practical completion and the Council has started to operate from the new facility. The final account has yet to be finalised. The monitor one report stated that there would be an overspend on the contract of £150k, plus some potential claims that might have to be funded. The current position is showing a likely overspend of £410k, an increase of £260k. The cost of the depot has increased since the specification was first agreed owing to changes in the operational requirements of Neighbourhood Services and enhancements to building standards and working practices since the concept was first developed in 2000.

19. There continue to be potential claims against the Council for delays that the contractor believes were caused by Council changes. The Council believes that it has no liability for these claims and will therefore be disputing them.
20. The original concept for the new depot was that it be funded from the sale of the Foss Islands Road site. As the scheme was developed it became clear that the Council could generate a net capital receipt from the scheme, with the cost of the new depot being less than the capital receipt from the sale of the Foss Islands depot site. Part of the sale conditions on the Foss Islands depot was that the Council would receive overage payments in addition to the sale price depending on the profitability of the site which would be an edge of town retail development. Most of the units on the site were pre let when the contract was signed, guaranteeing the Council £1m, which was built in to the capital programme funding assumptions. Since then further units have been pre let and as a result the overage due to the Council is going to be in excess of £1.26m, £0.26m more than currently budgeted for. Overall the project will contribute over £2.6m to the Council, Table 12 illustrates the breakdown of the deal and the contribution that it has made to the Council.

	£000
Gross Cost of New Depot	9,961
Funded by	
Sale of Land to KLG	10,000
Additional KLG Cont	150
Sustainability Funding	674
Prudential Borrowing	527
Overage	1,260
Total Funding	12,611
Net Contribution to CYC	2,650

Table 12 Contribution of New Depot Scheme to CYC

21. There are three options available to fund the overspend
22. Option 1 – Fund through capital receipts surplus
 The budget approved by Council on 1st March 2006 allowed for a capital receipts surplus of £1.290m over the life of the 2006/07 – 2008/09 capital programme. This was reduced to £1.1m following monitor one. However, the proposed capital programme budget for 2007/08 to 2010/11, also on this agenda, proposes to use the majority of this surplus to invest in capital priorities over the following 4 years. Funding this overspend from capital receipts would reduce the funding available for future schemes.
23. Option 2 – Fund through Prudential Borrowing
 The financial implications of unsupported borrowing would be incurring an ongoing charge to the revenue account in the form of Minimum Revenue Provision (4% per annum) and the interest cost of the loan

itself (approximately 4.65% per annum). This will result in a revenue charge of £23k per annum.

24. Option 3 – Fund from overage on the Foss Islands Road retail development
The level of overage on the site is now expected to be in excess of £1.26m, £0.26m more than budgeted for. This overage could be built in to the budget to fund the additional overspend.
25. Option 3 is the preferred option.

Economic Development (EMAP – 11th December 2006)

26. The approved programme for Economic Development is £361k, this is comprised of £100k approved at budget council and £261k carried forward from 2005/06. The two schemes that make up the programme are to provide a new visitor information centre in the city centre and to build new workshops for small businesses at Clifton Moor are projected to outturn on budget.

Leisure and Culture (EMAP - 5th December 2006)

27. The approved Capital Programme for Leisure and Culture was £2.263m following the adjustments made under monitor one. As a result of changes made under this monitor, the capital programme has been reduced by £1.262m to £1.001m. Table 5 gives a summary of the changes on a scheme by scheme basis.

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	Total £m
Approved Programme	2.263	3.165	4.350	1.813	11.591
Museums reprofiling	0.050			-0.050	0.00
York Pools Reprofile	-0.427	0.427			0.00
Parks & Spaces Reprofile	-0.185	0.185			0.00
Acomb Library	-0.700	0.700			0.00
York Pools – Oakland's			1.424		1.424
Revised Capital Programme 2006/09	1.001	4.477	5.774	1.763	13.015

Table 5 – Leisure and Culture Capital Programme

28. Key changes include:
- The immediate investment of £50k in the Castle Museum Kirkgate refurbishment brought forward from 2009/10.
 - The delay in the receipt for the Barbican site means that work cannot start on the major elements of the York pools scheme until earlier in the new year when the receipt is expected. It is proposed that £50k is retained in 2006/07 for feasibility and planning work with the remaining £427k to be reprofiled into 2007/08.
 - No further major works are anticipated to take place during the winter on the Parks and Open Spaces S106 development projects, it is therefore proposed that £185k of the remaining 2006/07 budget is

reprofiled into 2007/08 so that additional projects can be developed to start in the spring of 2007.

- The Acomb Library Scheme, to provide an integrated adult education and library facility has now been designed and is awaiting planning permission. The tender process will not start until the new year, resulting in most of the construction work taking place in 2007/08. As a result it is proposed that £700k of the 2006/07 budget is reprofiled into 2007/08. The facility is expected to be open for January 2008.
- The Executive approved an additional £1.424m to be contributed to a new pool on the York High (Oakland's) School site. The additional budget will be funded from the revenue savings generated from having an integrated facility with the sports centre on the site.

Housing Services (HASS EMAP – 11th December 2006)

29. The approved Capital Programme for Housing Services was £10.046m following the delegated adjustments reported at Monitor One. There have been a number of minor variations reported to the EMAP that reduce the programme by £5k. The key changes, including some minor slippage and additional funding to be made available from HRA resources in 2007/08 and 2008/09 are illustrated in Table 6.

	2006/07 £m	2007/08 £m	2008/09 £m	Total £m
Approved Programme	10.046	8.125	8.153	26.324
Adjustments made under officer delegated authority: -	-0.025	+0.022		-0.003
Discus Bungalow Adaptations	+0.020	+0.120	+0.027	+0.137
Revised Housing Services Capital Programme	10.041	8.267	8.180	26.488

Table 6 - Housing Capital Programme

30. The key change is in relation to the Discus Bungalow site development scheme. The relocation of tenants currently living in Discus Bungalows has required a number of adaptations to be made to their new dwellings. It is likely that these costs will be around £167k over the next 3 years. The cost of the additional adaptations will be funded from the eventual receipt from the development of the sites and can be funded from within existing HRA resources until these receipts are realised.

Neighbourhood Services (EMAP - 7th December 2006)

31. The approved Capital Programme for Neighbourhood Services was £0.697m as per Monitor One. As a result of changes made under this monitor the capital programme has increased to £0.699m. Table 7 gives a summary of the changes on a scheme by scheme basis.

	2006/07 £m	2007/08 £m	2008/09 £m	Total £m
Approved Capital Programme	0.697	0.202	0.202	1.101
Ward Committees	-0.051			-0.051
Contaminated Land Treatment	+0.033			+0.033
Transfer of Flood Pump scheme from Resources Capital Programme	+0.020			+0.020
Revised Neighbourhood Services Capital Programme	0.699	0.202	0.202	1.103

Table 7 – Neighbourhood Services Capital Programme

32. Key changes include:

- The Ward Committees have requested a transfer of £51k from the capital programme to the revenue budget to fund 5 pilot neighbourhood policing wards and other important projects. This transfer has been made possible by transferring budgets via the venture fund.
- Defra have awarded the Council a capital grant to support the statutory investigation and treatment of contaminated land, this has resulted in an increase of £33k to the Neighbourhood Services programme.
- Transfer of the £20k flood pump budget from Resources (see para 14)

Resources (Corporate Services EMAP – 12th December 2006)

33. The approved Capital Programme for Resources is £6.842m following the adjustments made under monitor one which saw the budget increase by £3.967m mainly as a result of the inclusion of the [Easy@York](#) scheme. As a result of changes made under this monitor, the capital programme has been increased by £100k to £6.942m. Table 8 gives a summary of the changes on a scheme by scheme basis.

	2006/07 £m	2007/08 £m	2008/09 £m	Total £m
Approved Programme	6.862	4.318	8.560	19.740
25 Hospital Fields Road	-0.110			-0.110
Transfer to Social Services	-0.100			-0.100
IT Development Equipment	+0.310			+0.310
Elvington Flood Pump to Neighbourhood Services	-0.020			-0.020
Admin Accom reprofile	0.000	-0.311	+4.666	+4.355
Revised Budget	6.942	4.007	13.226	24.175

Table 8 – Resources Capital Programme

34. Key changes include:

- The budget to buy out the lease on 25 Hospital Fields Road, following the leaseholder going in to liquidation, is no longer required as the liquidator has assigned the lease to another company. It was intended that the Council buy out the lease and refurbish the building to rent out as part of the commercial property portfolio, to prevent the building

from falling in to disrepair. A private sector company has taken on the lease and will do the necessary works. The budget of £110k to be funded from borrowing is therefore no longer needed.

- An opportunity has arisen to address some access and repairs backlog issues as part of the Social Services £300k scheme to refurbish Windsor House EPH. It has proved more cost effective and less disruptive to include these works within the main refurbishment contract. The Resources capital programme will fund £100k of these works. This funding has already been assumed in the Social Services capital programme.
- The Director of Resources carries out a quarterly evaluation process to determine the most cost effective means of funding the purchase of IT equipment. The Council has traditionally leased IT equipment, but the introduction of the prudential code in 2004 means that there is the opportunity to borrow to finance the purchase of IT equipment and systems. At Monitor 1 the decision was taken to purchase £500k of IT equipment and fund from borrowing. However, good progress on the replacement Social Care Management system along with other IT spend means that an additional £310k will be spent by the end of the year.
- The scheme to purchase a mobile flood pump, to be based at Elvington was originally recorded as a Resources scheme, however, Neighbourhood Services have now taken on the management of the project and the budget.

Administrative Accommodation Review

35. The current approved Admin Accom budget was revised by the Executive in October 2006 at £35.71m. The scheme extends beyond the life of the Council's current capital programme. However, it is necessary, in light of the latest estimates, to revised the profile of the spend over 2007/08 and 2008/09 and adjust the current capital programme. Table 9 illustrates the profile of the £35.71m admin accom budget according to the latest position of the financial model. The Capital Budget Report, on this agenda provides a picture of the proposed 2007/08 – 2010/11 capital programme.

	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	Total £m
Budget	0.141	1.759	3.757	12.976	14.899	2.178	35.710

Table 9 – Profiled Spend of Admin Accom Budget

Social Services (HASS EMAP – 11th December 2006)

36. The current approved budget for Social Services is £671k. This includes the refurbishment works at Windsor House. All of the budgets are anticipated to outturn on budget.

Summary of Capital Expenditure

37. As a result of the changes reported to the EMAP meetings the revised capital programme is summarised in Table 10.

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Total £000
Gross Capital Programme	53.408	39.967	35.512	1.813	130.700
<u>Scheme Adjustments</u>					
Children's Services		0.000	1.550	0.250	1.800
City Strategy	0.260				0.260
Housing	0.017	0.120	0.027		0.164
Neighbourhood Services	0.002				0.002
Leisure and Culture			1.424		1.424
Resources	0.080	-0.311	4.666	14.899	19.334
<u>Reprofiling</u>					
Housing	-0.022	0.022			0.000
City Strategy	-0.326	0.326			0.000
Leisure & Culture	-1.262	1.312		-0.050	0.000
<u>Requests for additional funding</u>					
New Depot					0.000
Revised Gross Budget	52.157	41.436	43.179	16.912	153.684

Table 10 – Revised Capital Programme

Funding of the Capital Programme

38. The current capital programme is funded from a number of externally funded sources, along with capital receipts raised from the sale of surplus Council owned assets.

39. Following the adjustments made as part of this report, the revised capital programme between 2006/07 and 2009/10 stands at £153.684m. Funding from external sources and prudential borrowing contributes £106.298m, leaving a balance of £47.386m to be funded from capital receipts. Table 11 illustrates the funding breakdown of the capital programme, with Confidential Annex B giving details of the individual properties, indicative values and timescales for sale.

40. As part of the budget setting process, a list of asset sales were agreed by the Council for reinvestment in the capital programme. The capital receipts budget was approved at £18.687m for 2006/07, adjusted for Admin Accom sales this increases to £25.747m. The value of receipts received to date is £10.078m, with a further £18.023m expected to be received by the end of the financial year, making a total of £28.101m, of this there is a risk that £0.580m may not be received during 2006/07 and may slip in to 2007/08. This apparent over achievement of receipts in is mainly because receipts delayed from 2005/06 are now forecast to be realised during 2006/07.

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	Total £000
Gross Capital Programme	52,157	41,436	43,179	16,912	153,684
Funded by					
Supported Borrowing	11,427	8,521	5,955	0	25,903
Grants and Contributions	21,413	22,469	9,930	250	53,812
Prudential Borrowing	3,872	500	9,501	12,710	26,583
Total External Funding	36,712	31,490	25,386	12,960	106,298
Funding to be Financed from Capital Receipts	15,445	9,946	17,793	3,952	47,386
Expected Capital Receipts	28,101	11,406	14,387	2,539	56,433
Receipts b/fwd (surplus)/deficit	8,194	-4,462	-5,922	-2,516	
Receipts c/fwd (surplus)/deficit	-4,462	-5,922	-2,516	-1,103	

Table 11 - Capital Programme Funding and Receipts Projections

41. Regular monthly monitoring of capital receipts will identify any problems in receipt timing and will be reported accordingly to the Executive in the next monitoring report.

Joseph Rowntree Secondary School

42. In July 2006, it was reported to Children's Services EMAP that the Council had been selected as one of 25 Pathfinder authorities to be invited to build a new secondary school under the Building Schools for the Future (BSF) programme. This report recommended that Joseph Rowntree school be nominated as York's pathfinder. The proposal was accepted, and officers were requested to work with the school to prepare and submit a detailed proposal to the DfES.
43. To progress the proposal, a Development team has been set up. Initial meetings have been held with planners and statutory consultees and discussions are ongoing. Site survey work has been commissioned and will inform the outline business case to the DfES. Consultation with staff, students, parents and the local community about the new building commenced in November and will continue throughout the process.
44. The funding which will be provided for the new school will be in accordance with a cost model supplied by the DfES based on pupil numbers and SEN provision, and will be in the form of capital grant. There are no indications at present of the exact level of funding, but it is expected to be in the region of £20m. It is proposed that the scheme is not included in the capital programme until the amount of funding is available.

Corporate Priorities

45. The capital programme is decided through a formal process, using a Capital Resource Allocation Model (CRAM). CRAM is a tool used for allocating the

Council's scarce capital resources to schemes that meet corporate priorities.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

48. There are no equalities implications as a result of this report

Legal Implications

49. There are no legal implications as a result of this report

Crime and Disorder

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

Information Technology

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

Property

52. 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 paragraphs 29 - 31.

Risk Management

53. 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 receipts to ensure that all capital risks to the Council are minimised.
54. The size of the capital programme in relation to past financial years, is placing a pressure on the capacity of the organisation to continue to deliver the programme. The key risks are highlighted in the Capital Budget report on this agenda at paragraph 30 which discusses the robustness of the capital budget.

Recommendations

55. The Executive is requested to:

- Approve the £99k of additional funding highlighted in the report (Table 10).
- Approve the reprofiling of £1.61m of budget from 2006/07 to future years (Table 10).
- Approve the addition of overage to fund the potential overspend on the new depot of up to £0.26m as detailed in paragraph 24.
- Approve the restated capital programme summarised in Table 2 and as set out in detail in Annex A.
- Note the revisions to the capital receipts position for 2006/07 to 2009/10 as summarised in Confidential Annex B.

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Peter Steed
Head of Finance

**Report
Approved**



Date 18/12/06

Simon Wiles
Director of Resources

**Report
Approved**



Date 18/12/06

Specialist Implications Officer(s)

N/a

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

2006/07 – 2008/09 Capital Budget Report
Department EMAP Capital Monitoring Reports

Annexes

Annex A – Capital Programme 2006/07 – 2008/09
Annex B (exempt annex) - Capital Receipts Tracking 2006

Capital Budget - 2006/07 to 2009/10

	ANNEX A					
	2006/07	2007/08	2008/09	2009/10	Gross Capital Programme To be Funded	
	Revised	Revised	Revised	Revised	£000	
Total Gross Capital Programme	Budget	Budget	Budget	Budget		
£000	£000	£000	£000	£000	£000	
<u>Gross Expenditure by Department</u>						
Children's Services	69,330	12,878	16,485	9,550	250	39,163
City Strategy (P&T)	33,585	19,564	7,643	6,042	0	33,249
City Strategy (Econ Devt)	513	361	150	0	0	511
Housing	36,445	10,041	8,267	8,180	0	26,488
Leisure & Heritage	16,073	1,001	4,477	5,774	1,763	13,015
Neighbourhood Services	2,490	699	202	202	0	1,103
Resources	37,108	4,335	4,007	13,226	14,899	36,467
Easy@York	3,613	2,607	0	0	0	2,607
Social Services	1,824	671	205	205	0	1,081
Total by Department	200,981	52,157	41,436	43,179	16,912	153,684
<u>Total External Funds by Department</u>						
Children's Services	60,898	11,790	16,225	4,050	250	32,315
City Strategy (P&T)	21,338	10,162	6,221	4,955	0	21,338
City Strategy (Econ Devt)	0	0	0	0	0	0
Housing	35,644	9,967	8,219	8,180	0	26,366
Leisure & Heritage	4,398	642	825	1,424	0	2,891
Neighbourhood Services	1,022	194	0	0	0	194
Resources	21,273	1,145	0	6,777	12,710	20,632
Easy@York	3,613	2,607	0	0	0	2,607
Social Services	421	205	0	0	0	205
Total External Funds by Department	148,607	36,712	31,490	25,386	12,960	106,548
<u>Total CYC Funding required by Department</u>						
Children's Services	8,432	1,088	260	5,500	0	6,848
City Strategy (P&T)	12,247	9,402	1,422	1,087	0	11,911
City Strategy (Econ Devt)	513	361	150	0	0	511
Housing	801	74	48	0	0	122
Leisure & Heritage	11,675	359	3,652	4,350	1,763	10,124
Neighbourhood Services	1,468	505	202	202	0	909

Capital Budget - 2006/07 to 2009/10

Resources

[Easy@York](#)

Social Services

Total CYC Funding required

Total Gross Capital Programme £000	2006/07 Revised Budget £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	Gross Capital Programme To be Funded £000
15,835	3,190	4,007	6,449	2,189	15,835
0	0	0	0	0	0
1,403	466	205	205	0	876
52,374	15,445	9,946	17,793	3,952	47,136

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Executive

16 January 2007

Report of the Director of Resources

Revenue Budget 2007/08

Summary

- 1 This paper presents the Revenue Budget proposals for 2007/08 and details the potential financial position for the Council in 2008/09 and 2009/10. To assist with this latter point where possible the report details figures for future years alongside their 2007/08 equivalents. There are two other separate reports on the agenda covering the Capital Budget and the Housing Revenue Account. At Budget Council on the 21st February there will also be proposals for Fees and Charges, details of which have been provided in the Member's library.
- 2 The proposals in this paper present a balanced budget for the Council for 2007/08 with the following key features:
 - a. Revenue investment of £12.106m^{TABLE 2} the funding for which will be achieved through:
 - i. Revenue savings of £4.799m^{TABLE 2};
 - ii. An additional £3.416m¹ from a City of York Council Tax rise of 4.5% resulting in a Band D Council Tax, for City of York Council only, of £982.06, an increase of £42.29^{TABLES 15 & 19};
 - iii. Meeting £1.312m of one-off expenditure from general fund reserves^{PARA 50};
 - iv. Additional Revenue Support Grant Funding of £1.191m^{TABLE 14};
 - v. A £850k share of the projected 2006/07 collection fund surplus^{PARA 45};
 - vi. Other adjustments on corporate budgets totalling £538k^{ANNEX 1}.
 - b. A net revenue budget of £104.538m, which will be funded by:
 - i. Council Tax income of £64.883m (including a £850k contribution from the 2006/07 collection fund surplus)^{PARA 74};
 - ii. Government grant of £38.343m^{TABLE 12};
 - iii. Use of reserves, of £1.312m^{PARA 50};

¹ This comprises £2,728k from existing properties and a further £688k from those expected to be built in 2007/08.

- c. Funding for pupil led aspects of education, primarily schools, of £83.835m to be met by the Dedicated Schools Grant ^{TABLE 16};
- 3 The above figures highlight that setting the 2007/08 budget is a difficult process and hard choices need to be made, not least the potential loss of around 35 posts resulting in up to 19 redundancies. However, these proposals will enable the Council to maintain its existing quality services (such as education and social care) whilst investing in key priorities and areas of need. Alongside this the Council has also been able to address public priorities such as car parking charges and enhanced waste recycling arrangements. It is useful to put this in the context of a Council Tax increase of approximately 80 pence per week and that in 2006/07 York had the second lowest Council Tax and the lowest spend per person of any Unitary Authority.
 - 4 In itself the Government settlement is not enough to fund all of the growing pressures on Council budgets which total £12.106m. Of this the Council needs £6.734m to meet known unavoidable commitments. This includes £4.27m for pay and prices inflation, £1.25m for future job evaluation costs and £0.795m for the revenue cost of capital expenditure. In addition to known commitments, there are increasing volume demands on services, particularly in social services and the waste strategy. The Council needs to provide non-Education budget growth funds of £4.202m. A full list of these pressures is shown at Annex 3.
 - 5 To help fund the rising budget pressures and keep Council Tax down, the non-Education budget proposals include efficiency savings and income generation proposals of £4.799m. A full list is shown at Annex 4.
 6. Members should note that there are a number of potential expenditure pressures which may materialise in 2007/08, but which cannot at this stage be quantified with any certainty. It is proposed that a General Contingency of £0.6m is set to cover these eventualities. As shown at Figure 5 this is the lowest level of contingency in recent years. Possible calls on this contingency are detailed at Annex 2.
 7. It is important when setting the 2007/08 revenue budgets that members do so in the knowledge of a range of significant issues that may affect the Council in next few years and which York may not have sufficient resources to address. Given the council's tight financial position; the levels of reserves now held; the effects of the significant additional expenditure pressures; the Government grant settlement and the significant level of efficiency savings; increases in charges and budget cuts that are needed to balance the budget; it has not been possible to identify acceptable options to enable the Council to fully prepare for all of the following issues. The 2007/08 budget that is proposed in this report is very 'tight' in a number of key areas. For example there is no allowance for inflationary growth on the majority of non staff and non contractual budgets and, in effect, these are cash limited. In addition the budget also requires a significant number of savings initiatives to be implemented. Of particular concern are the following key issues that could well add significant pressure, either to the 2007/08 budget after it has been set, or to future Council budgets:
 - a. The deficit on the pension fund ^{PARA 21};
 - b. The introduction of job evaluation ^{PARA 26};

- c. The future costs of waste management ^{PARA 127A} ;
 - d. The increasing numbers of elderly persons and the costs of services for them ^{PARA 127E} ;
 - e. The threatened substantial cuts in grants for 'supporting people' ^{PARA 127F} ;
 - f. The backlog of outstanding works needed to the City infrastructure, in particular roads and Council buildings ^{PARA 127G} .
- 8 All of the above issues are covered in more detail later in this report.

Background

- 9 The base for the 2007/08 budget is the Council's net revenue budget for 2006/07 of £97.769m². The Medium Term Financial Strategy for 2007/08 (presented to the Executive in June 2006) estimated that to stay within the government's likely range for a 2007/08 Council Tax rise, meet all known expenditure pressures, and provide for service investment; the Council would be facing a budget gap for 2007/08 of around £10.09m including the need to address £7.29m of service growth pressures.
- 10 This gap takes into account the government's decision on the 29th June to nominate York for council tax purposes. This decision means that for the capping calculation in 2007/08 York's base budget will be reduced by £285k (the equivalent of York having set a 5% rather than 5.49% increase in 2006/07). This is purely a paper calculation and has had no direct financial impact on the council's budget's for 2006/07. However, when taken in conjunction with the government's desire to see council tax increases of below 5%, it means that any increase above 4.5% would significantly increase the chance of government intervention over the 2007/08 council tax increase.³ It is therefore the Director of Resource's opinion that an increase in 2007/08 of above 4.5% would be inadvisable.
- 11 York has consistently fared badly in the level of Government grant it receives compared to other local authorities and in 2006/07 this fell to an all time low of 60.6% of the unitary average, a position which, as Figure 1 demonstrates, is unlikely to materially change in 2007/08.

² This figure excludes £1.1m non-recurring expenditure funded from reserves as such expenditure does not impact upon the net revenue budget of the Council.

³ It is worth noting that where the authority to set a 4.5% council tax increase the DCLG would, based on the revised calculations, consider this a 4.99% increase.

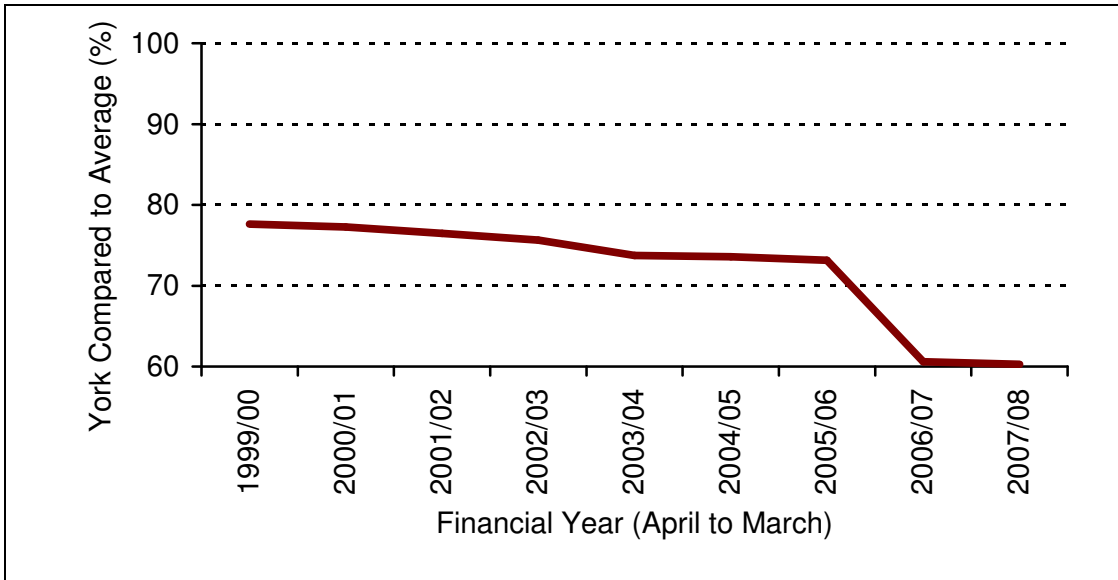


Figure 1 – Comparative Levels of Grant per Person (all unitary councils)

12 In addition, because the level of York’s Council Tax falls far below the level assumed by the Government and the on-going threat of capping, the Council is unable to balance this low level of central Government funding through Council Tax collection. Indeed as shown in Figure 2 in 2006/07 York had the second lowest Council Tax of any unitary authority. As Figure 3 demonstrates, this low grant and Council Tax base has consistently resulted in York having the lowest budget spend per head of all unitary authorities.

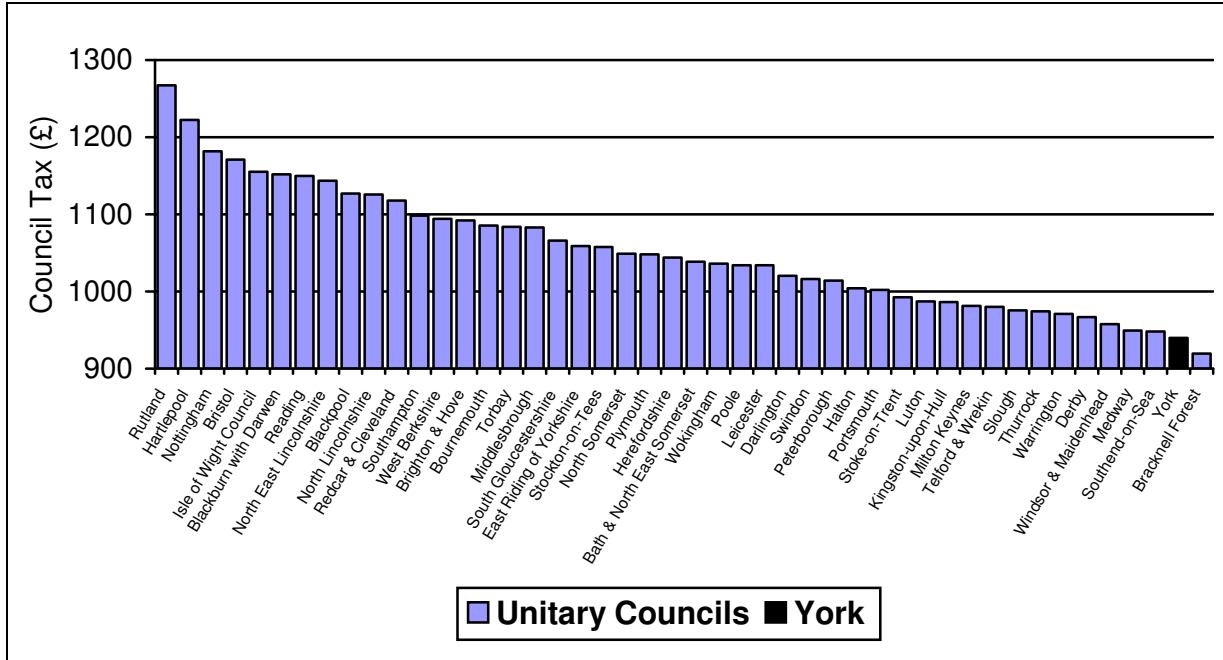


Figure 2 – Unitary Council Tax 2006/07

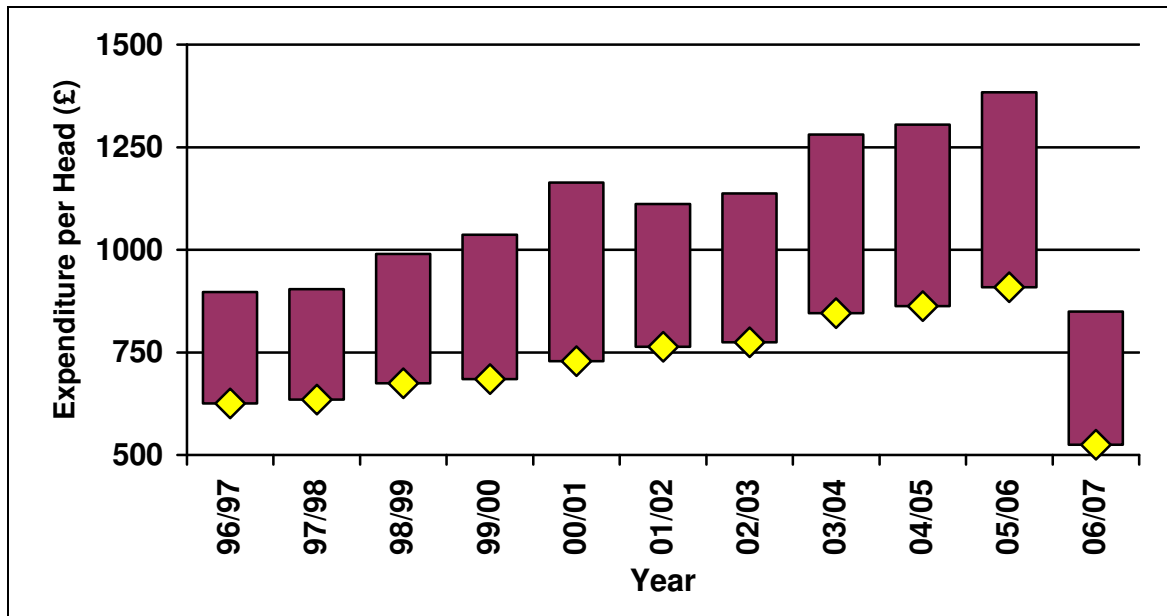


Figure 3 – Unitary Council Expenditure per Head Since 1996⁴

- 13 The provisional funding settlement for 2007/08 was published on the 28th November and final details are expected to be published in late January. Estimates within this report reflect the provisional settlement which is not expected to materially change when the final settlement is announced.
- 14 Members of the Executive are asked to recommend the income and expenditure proposals in this budget paper for the approval of Full Council on 21st February 2006.

Future Timetable

- 15 As Table 1 demonstrates 2007/08 will be a particularly busy period for the development of forward financial planning. Alongside the normal budget cycle the council will also have to deal with the implications of the Lyon's Review report which will feed into the Comprehensive Spending Review 2007 which in turn will set the council's spending envelope until 2010/11. Due to the pressures and uncertainty engendered by these changes it is likely that the budget EMAPs and Executive will need to revert to their traditional January and February dates.

	Council Timetable	National Timetable
March		Lyons Report Published
April		
May	Council Elections	
June		
July	Medium Term Financial Strategy 2008/09 to 2010/11	CSR 2007 (covering years 2008/09 to 2010/11) published

⁴ The decrease in 2006/07 is the result of the introduction of the Dedicated Schools Grant

August		
September		
October	2007/08 Monitor One	
November		Draft Settlement 2008/09 to 2010/11
December	2007/08 Monitor Two	
January	Budget EMAPs	Final Settlement 2008/09 to 2010/11
February	Budget Executive	
	Budget Council	
March	Council Tax Billing	

Table 1 Budget Timetable for 2007/08

Expenditure Pressures & Budget Position

- 16 Annex 1, summarised in Tables 2 and 15, sets out the latest estimate of the Budget position for 2007/08, using the funding assumptions described in the earlier section and the savings and growth presented to EMAP meetings. This shows that in 2007/08 the council's net budget requirement will increase by £5.67m from £98.869m to £104.538m.

Expenditure Requirements	2007/08 £'000
Net Expenditure Budget for 2006/07	98,869
Less: One-off Funding for non-recurring items	-1,100
Starting Expenditure Requirement for 2007/08	97,769
Unavoidable and Corporate Non-Schools Expenditure Pressures Recurring ⁵	7,334
Non-Recurring	570
Total Unavoidable Pressures	7,904
Directorate Growth Funded via Reprioritisation	4,202
Total Expenditure Pressures	12,106
Savings Proposals	-4,799
Adjustments on Corporate Budgets	-538
Net Budget Growth / Additional Funding Requirement	6,769
Revised Projected Expenditure Requirement for 2007/08	104,538

Table 2 – 2007/08 Expenditure Requirements

- 17 Service and corporate spending pressures and growth proposals are outlined in Annex 3. Further detail on key corporate spending pressures is detailed below.

Growth

- Price Inflation (non-avoidable expenditure increases only, 2.3% on income, all other budgets cash-limited) ^{PARA 18}
- Pay Inflation ^{PARA 20}
- Employers' Pension Contributions ^{PARA 21}

⁵ Includes £600k contingency

- d. Job Evaluation Costs^{PARA 26}
- e. Additional financing for borrowing (capital programme)^{PARA 32}
- f. Minimum Revenue Provision^{PARA 33}
- g. Environment Agency and Drainage Board increased levies^{ANNEX 3}
- h. Impacts of prior year savings and growth^{ANNEX 3}
- i. Rent Reviews for Admin Accommodation Property^{ANNEX 3}
- j. Impact of Savings on HRA and DSG areas^{ANNEX 3}
- k. Waste Management^{PARA 35}
- l. Impact of New Depot on Business Rate Liability^{PARA 36}

Savings

- a. Minimum Revenue Provision - Local Govt Re-org^{PARA 34}
- b. Contingency Savings (One-Off and Non-Utilised 2006/07 Funding)^{ANNEX 4}

Price Inflation

18 As Figure 4 demonstrates during 2006 general price inflation⁶ has been running at between 2.1% and 3.3%. This is significantly higher than the position for 2005.

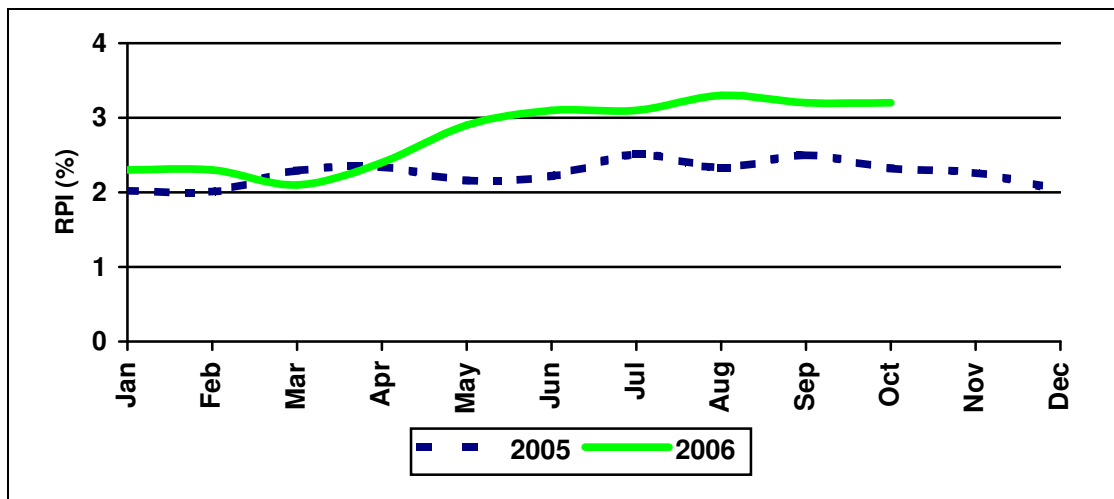


Figure 4 –RPI (Excluding Mortgage Interest)

19 Even with this increased level of general inflation the severity of the expenditure pressures facing the Council for next year means that it is once again proposed that there is a general cash freeze on non-pay budgets. However, there are a number of unavoidable price increases including contractual prices, levies for internal drainage boards and the cost of utilities / fuel all of which need additional funding. In total £1.858m has been allocated to cover such costs. Also included within this figure is a sum for the increased cost of Council Tax Benefits, at 4.5% in line with the overall Council Tax rise for York residents, and provision for Housing Benefits for both private and council tenants.

Pay Inflation and Employers' Superannuation Contribution

20 While estimates have been based upon a 2.5% APT&C pay increase the actual award has yet to be agreed and so an additional £170k has been included in

⁶ RPI excluding Mortgage Interest

the contingency to cover the costs should the actual settlement reach 2.75%. The Council also employees a number of staff under different national conditions (for example Trade, Soulbury and Teachers). Where appropriate pay inflation for these employees has been included in line with current agreements and forecasts. In total pay awards are estimated to cost £1.694m (excluding the costs of job evaluation which are addressed later in the report).

- 21 The triennial valuation of the North Yorkshire Pension Fund (NYPF) was undertaken at the end of 2003/04. This review showed that the funding level of the whole fund had fallen from 79.5% (£187m deficit) at 31st March 2001, to 59% (£525m approx deficit) at 31st March 2004 of which York's share was approximately £130m. As recognised in last year's budget this was well below where we would wish the fund to be and additional investment will be required to bring the fund back to a balanced level.
- 22 While the trustees of the Fund recommended a 30 year recovery period as a default approach to covering these shortfalls the Council felt it would be more prudent to have a shorter recovery period and elected to maintain its fixed contribution rate of 17.6% of payroll costs for the period 2005/06 to 2007/08. This rate increased York's recovery period from 15 to 24 years. The interim review of the fund undertaken as at 31 March 2006 indicated that due to market conditions the position of the fund had improved with the funding level having increased to 69% (£523m deficit) of which York's share would be approximately £98m.
- 23 However, even with this positive short term performance pressure is increasing on the council's recovery period and levels of contributions. At the interim valuation the Pension Fund's actuaries indicated that changes in a number of demographic areas, most notably longevity, would have a negative impact on the level of funding. In addition the government is currently consulting on changes to the Local Government Pension Scheme as a whole and once finalised such changes may require an increased level of contributions from both employers and / or employees.
- 24 It is impossible to predict the outcome of the next triennial valuation in March 2007 given the significant variables that will impact upon it:
- a. Proposed changes to the Scheme;
 - b. Longevity rates;
 - c. Membership profiles;
 - d. Investment growth;
 - e. Return on gilts;
 - f. Assumptions on future growth and inflation.
- 25 As such this budget does not propose to increase the level of employer contributions during 2007/08. However, the results of the triennial valuation are expected in October or November 2007 and will therefore feature in the 2008/09 budget process.

- 26 One of the consequences of the 2004 national three-year pay deal is that the Council must undertake a full pay and grading review based on a job evaluation exercise, and implement any resulting changes by 2007/08. It is anticipated that in line with this requirement York will be implementing its revised pay and grading structure during 2007. In response to guidance from The Employers Organisation the council has set aside funding of £540k and £1,000k in 2005/06 and 2006/07 respectively. On top of these funds during 2007/08 the council will also need to deploy a further £1.25m⁷ giving an ongoing base budget of approximately £2.6m and a one-off budget of just over £1.7m
- 27 The funding built up in 2005/06 and 2006/07 of £1.54m is likely to be fully utilised in making additional equal pay settlements and in meeting the operating costs of the job evaluation and equal pay projects.
- 28 At this stage in the job evaluation project it is not possible to gauge the total costs of revised remuneration arrangements as the result of implementation. However, as Table 3 demonstrates, it is anticipated that £2.616m will be available on an on-going basis to fund the resultant changes.

	2005/06 £'000	2006/07 £'000	2007/08 £'000
Budget Allocated	541	1,000	1,075
On-Going Funding in Base	541	1,541	2,616

Table 3 – On Going Job Evaluation Funding in Base Budget

- 29 As Table 4 shows, although the Council is setting aside on-going base budget for the effects of job evaluation this funding has not been needed until 2007/08. Some of this funding has therefore been utilised in meeting the one-off funding of the costs of implementation.

	2005/06 £'000	2006/07 £'000	2007/08 £'000
Base Budget ⁸	541	1,541	0
One –off b/fwd	0	382	1,573
One-off funding allocated	0	0	175
Project Costs	-120	-350	-330
Legal Costs (One-Off) ⁹	-39	0	0
Total Funding Available¹⁰	382	1,573	1,418

Table 4 – Cumulative Job Evaluation Funding

- 30 A full report will be brought to the Executive in 2007/08 prior to the introduction of the new pay and grading system which will highlight the full financial implications. This report will also request the release of the on-going funding so it can be allocated across directorates in line with the revised staffing budgets.
- 31 The council has attempted to reach agreement with over 1,300 mainly female staff over compensation relating to equal pay legislation. To date almost 1,100

⁷ This comprises £1,075k on going and £175k one off funding.

⁸ In 2008/09 the base budget allocations will be transferred to supporting the pay implications of job evaluation.

⁹ Executive on the 28/06/05 supported a one off allocation of funding towards additional costs incurred within legal services.

¹⁰ Funding needs to support one off expenditure in 2008/09 on job evaluation and equal pay.

have reached agreements at a cost to the council of around £2m. The council is actively seeking to reach agreement with the remaining 200 staff but some of these may potentially take legal cases against the authority resulting in additional liabilities being incurred.

Capital Financing

- 32 The Council has to make provision within the revenue account to fund the interest and principal repayments on any borrowing it undertakes. Until 2006/07 the FSS formula provided an explicit allocation of funds to support this expenditure however, with the implementation of the four-block model, this is no longer the case. The Council also funds a significant proportion of its capital expenditure from capital receipts. The continued use of capital receipts will result in the reduction of investment income which could have been generated if these receipts had been invested on the money markets.
- 33 The Minimum Revenue Provision (MRP) represents the minimum amount the Council must set aside to repay its debt. This is calculated as a percentage of the Council's capital financing requirement. The capital financing reflects the Council's underlying need to borrow for a capital purpose. The additional growth of £430k represents the increased amount of set aside needed to comply with the statutory requirements. In addition to the MRP there are the interest costs of borrowing the additional funds to finance the capital programme. The anticipated additional interest cost for 2007/08 is £414k, which includes the full year effect of borrowing taken in 2006/07 and the part year effect of 2007/08 borrowing which will be taken mid way through the year.
- 34 In 1997/98 the Council ceased all additional borrowing for local Government re-organisation purposes and has now repaid all that it borrowed leaving an on-going benefit to the General Fund. As a result the budget calculation also includes a reduced cost of £180k that represents the benefit to the Council arising from the fall out of capital funding requirements occurring as a result of local Government re-organisation in 1996.

Waste Management

- 35 It is both a Council and Government priority to reduce the amount of household waste being sent to landfill. In order to achieve this and assist in reaching the target of diverting biodegradable waste from landfill to achieve Landfill Allowance Trading Scheme (LATS) targets the kerbside recycling scheme has been expanded. The scheme now includes more households and a cardboard and plastics collection that requires 3 larger vehicles. Investment needs exist across the waste management agenda and in total the budget for 2007/08 includes £812k of growth pressures in this area. These comprise:
- NS 1 – Landfill Tax, £227k
 - NS 4 – Impact of Growth in Property Base, £36k
 - NS 6 – Waste Strategy, £250k
 - NSG 01 – Operating Costs of Three Additional Kerbside Vehicles, £299k

Impact of New Depot on Business Rate Liability

- 36 The new depot at Hazel Court has an additional National Non-Domestic Rates bill of £133k higher than the depot at Foss Islands Road. The council had successfully appealed to the District Valuer over the rates bill at Foss Islands due to poor state of the old depot and had been given a rebate.

Budget Growth and Investment

- 37 Service departments have identified a number of areas which require increased investment. They have been evaluated on the basis of statutory requirement, risk to Council business, health and safety of the public and Council staff, proven customer demand and the contribution to the corporate priorities.
- 38 Annex 3 lists growth proposals totalling £12.106m. Within this £4.202m represent directorate pressures (Table 5) of which, as summarised in Annex 6, £742k is one-off growth that it is proposed to meet from reserves. It should be noted that this £742k only represents new one-off funding commitments and that an additional £570k of such commitments exist which are viewed as unavoidable due to their nature or commitments made in previous years.

	2007/08 £'000	2008/09 £'000	2009/10 £'000
Corporate ¹¹	467	967	1,467
Housing General Fund	17	44	76
Adult Social Services	1,640	1,514	1,514
LCCS	463	463	463
City Strategy - Planning & Transport	506	609	563
City Strategy - Economic Development	0	0	0
Chief Executives	413	121	121
Resources	319	319	319
Neighbourhood Services	377	369	439
Recurring Growth	4,202	4,406	4,962

Table 5 – Recurring Directorate Growth**Savings and Income Generation**

- 39 Annex 4, summarised in Table 6, details the £4.799m of individual savings proposals submitted by the EMAPs.

	2007/08 £'000	2008/09 £'000	2009/10 £'000
Housing General Fund	86	113	145
Adult Social Services	899	906	906
LCCS	866	775	779
City Strategy - Planning & Transport	994	664	664

¹¹ Assumes current policy of investing up to £500k per annum into the IT Development Fund is continued in 2008/09 and 2009/10.

City Strategy - Economic Development	22	12	12
Chief Executives	214	211	211
Resources	816	841	843
Neighbourhood Services	902	873	844
Net Total of Savings	4,799	4,393	4,404

Table 6 – Saving Proposals

- 40 Comments from the Head of Human Resources on the implications of these proposals in terms of posts lost and possible redundancy situations are detailed later in this report.
- 41 Alongside the above proposals EMAPs were also presented with a number of alternate savings options totalling £1.565m. These alternate saving options are shown at Annex 5 and summarised in Table 7.

	2007/08 £'000	2008/09 £'000	2009/10 £'000
Housing General Fund	48	48	48
Adult Social Services	431	431	431
LCCS	273	273	273
City Strategy - Planning & Transport	362	362	362
City Strategy - Economic Development	94	94	94
Chief Executives	73	73	73
Resources	117	117	117
Neighbourhood Services	167	167	167
TOTAL	1,565	1,565	1,565

Table 7 –Alternate Savings Options

- 42 Members should be aware that in reaching the final budget proposals some slight amendments have been made to the proposals originally submitted to EMAPs. They are:
- NSG03 – Implementation of Smoke Free Legislation (£78k)
Since the EMAP met the council has been provided with details of an additional grant for 2007/087 which will help fund the costs faced in implementing the new smoke free regulations for certain places, premises and vehicles. It is proposed that this grant is allocated in full to fund such work.
 - CSG03 – Road Safety Initiatives (£202k)
This area is also funded by a specific government grant. At the EMAP it was proposed to ring fence this grant to road safety works. However at that time the grant was forecast to be £185k per annum for 2007/08, 2008/09 and 2009/10. However revised allocations are now available which place the funding at £202k for 2007/08, £197k for 2008/09, £194k for 2009/10 and £191k for 2010/11. The growth shown at Annex 3 has been adjusted to reflect these higher than expected allocations, an increase in 2007/08 of £17k.

Summary of Directorate / Portfolio Budgets

	2007/08 £'000
--	------------------

Housing	1,188
Adult Social Services	33,893
Children's Services - General Fund	25,321
Leisure and Culture	9,240
City Strategy	12,875
Economic Development	2,220
Chief Executive	5,048
Resources	4,020
Treasury Management	7,479
Neighbourhood Services	13,908
	115,192
Neighbourhood Services - Traded Services	-550
Contingency	600
Job Evaluation Budget	1,075
Asset Rentals balancing figure	-16,460
Corporate Revenue Budgets (e.g. BVACOP, pensions)	3,300
Other Corporate Budgets (e.g. fuel inflation)	1,382
TOTAL	104,538

Table 8 – Summary of 2007/08 General Fund Portfolio Budgets

- 43 Table 8 summarises the proposed net general fund budgets on a portfolio basis. Under the constitution the Scrutiny Management Committee is entitled to request an annual budget for its work. At its meeting on the 18th December 2006 it determined this request to be £6k which is in line with the existing provision and is included in the figures for the Chief Executives Department.

Contribution from the Collection Fund

- 44 The Collection Fund is the ring fenced account where all Council Tax is credited¹². This account can either be in surplus or deficit at the year-end, depending on whether the authority has managed to collect more or less than it originally anticipated. If there is a surplus, the funds are used to reduce the Council Tax. If in deficit, a higher Council Tax must be set and the taxpayer must fund the shortfall. All major precepting authorities¹³ share in any surplus or deficit on the fund, York's share of the surplus is 80.21%.
- 45 For a number of years, due to high collection rates and the buoyancy of the housing market, York's Collection Fund was in surplus. However in 2005/06 this was not the case and hence no surplus was available for distribution. In 2006/07 this position has significantly improved and as a result it is forecast a £1.06m surplus will be produced providing a one-off contribution towards the council's budget of £850k.
- 46 The existing components of the current (2006/07) Band D Council Tax for a City of York resident are shown in Table 9. It should be noted that these figures exclude parish precepts which are an additional charge in some areas.

¹² This includes monies collected on behalf of Parish Councils, the Police and Fire Authorities

¹³ City of York, Police and Fire Authorities

	£
City of York Council	939.77
North Yorkshire Police Authority	180.00
North Yorkshire Fire Authority	53.94
TOTAL	1,173.71

Table 9 – Make Up of 2006/07 Council Tax

- 47 The recommendation made in these papers is that from April 2007 the City of York Council's (CYC) element of the Council Tax will rise by 4.5% to £982.06. Such an increase would yield £3.416m in additional income for the Council. This figure reflects an increase in council tax from existing properties of £2,728k and council tax income from new properties of £688k.

Fees and Charges Proposals

- 48 Detailed proposals for fees and charges are presented at Annex 8. The vast majority of proposals are in line with a recommended increase of between 2.3% to 3.0%. However, it should be noted that it is proposed not to increase charges for standard stay car parking charges, on-street parking charges, or season tickets for contract parking.

Use of One-Off Funding to Support One-Off Expenditure Items

- 49 Table 10 shows the position on all of the unearmarked General Fund reserves which, it is anticipated, will increase from £5.52m at the start of the 2007/08 financial year to £6.696m by the end of 2008/09. In the longer term the Council's budget should not rely on one-off funds to support recurring expenditure, but it is good financial practice to use such funds to support one-off expenditure. In this regard it should be noted that the above figures do not include future unidentified one-off pressures funded by reserves or the use of the venture fund in support of the admin accom project or other invest to save activities both of which could significantly impact on the levels of balances held by the end of 2008/09.
- 50 It is assumed in the budget projections in this paper that all of the net one off expenditure for 2007/08 totalling £1.312m, will be funded from Revenue Reserves reducing the available balance on the general fund to £3,569k¹⁴. Within this £215k has been set allocated to meet the costs of the local elections in May 2007. It is likely that a proportion of this funding will be required to be spent in advance of the 1st April 2007 and the Executive are being asked to authorise the use of up to £50k from this budget in 2006/07.
- 51 Forecasts for the future levels of reserves are shown at Annex 7. In addition the contingency (Annex 2) contains potential one-off expenditure pressures totalling £500k which it may be appropriate to fund from the general reserve.

	2006/07 Projected Outturn	2007/08 Budget	2008/09 Budget

¹⁴ The council is currently anticipating an additional dividend from YorWaste totalling £480k. In line with the second monitor the figures in Table 10 reflect this dividend being received in 2007/08. If received before the 31st March the 2006/07 projected outturn would increase to £6m whilst future year values would remain unchanged.

	£'000	£'000	£'000
General Fund	3,569	3,150	2,651
Venture Fund	1,621	2,530	3,715
Commercial Services	330	330	330
Total	5,520	6,010	6,696
CPA / Prudent Minimum Reserves	4,950	5,201	5,361
Headroom in Reserves	570	809	1,335

Table 10 – Projected General Reserves

- 52 Under current CPA guidance, a recommended prudent level of reserves for this Council should be 5% of the net non-schools revenue budget. For 2007/08 this would be equal to 5% of £104.982m, or approximately £5.25m. However in line with best practice the council is looking to move away from this blanket figure to a targeted calculation taking into account identified risks and known commitments. The Director of Resources has undertaken a mini-review of the level and nature of balances held both for general purposes and for earmarked purposes, and also calculated the level that should be held by undertaking a risk assessment for the Council rather than using the former CPA guidance of 5% of net general fund budget. In considering what level of general purpose balances that should be held, rather than those held for earmarked purposes, the Director of Resource has determined that, as a minimum, the prudent level must:
- i. Provide sufficient cover to match the highest peak values for net departmental overspends over the last three financial years (£2,000k);
 - ii. Be sufficient to fund the Council's contribution to the Bellwin scheme relating to the costs of two major disasters in a financial year (£760k);
 - iii. Cover a shortfall in council tax income of approximately 0.5% (£350k);
 - iv. Cover 2% of the Council's net revenue budget (£2,091k).
- 53 The total of the above is that the prudent minimum level of reserves is calculated at £5,201k compared to the former CPA guideline figure of £5,250k. For 2008/09 it is assumed that items ii, iii and iv will increase by 5% while i will remain fixed. This provides a 2008/09 minimum prudential balance of £5,361k.
- 54 Included within the Council's earmarked reserves there is the sum of £300k for the Council's contribution to any future Bellwin claims. As the prudent general reserves target now includes an allowance for meeting major disasters it is therefore proposed that this sum should now be transferred from earmarked reserves to the general fund. The above balances include this figure.
- 55 For calculation purposes the overall general reserves comprise the general fund reserve, the venture fund reserve and the commercial services reserve. Details of these are also shown in Annex 7.
- 56 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.

57 It is forecast that by the end of 2007/08 the Council will have relevant reserves totalling £6.010m, against a prudent reserve level of £5.201m. However this position assumes that the council will receive an interim payment of LPSA2 reward grant of £409k that will be used to repay some of the advances on the venture fund and that no call is made on the general reserve for the £500k of potential one-off expenditure pressures detailed at Annex 2. If no payment was to be received and all the pressures were funded then the general reserves would be £100k below the prudent limit determined by the Director of Resources.

Commercial Services

58 Traditionally due to the traded nature of its work the council’s budget report has included an adjusted contribution from the Commercial Services directorate. However with the directorate’s absorption into Neighbourhood Services this approach is no longer appropriate and from 2007/08 onwards savings and growth requirements will be addressed in line with all other council services.

General Contingency

59 In order to meet any unforeseen costs which may arise during the financial year, the Council sets aside a contingency amount in the budget. This is a prudent way to ensure that unforeseen costs do not result in any substantial overspends against budget, which would impact on Council reserves or require in year cuts to be made. Due to the uncertainty of any of these events occurring the level of funding provided is less than the total potential demands. As Figure 5 shows calls on the contingency have varied significantly in recent years¹⁵.

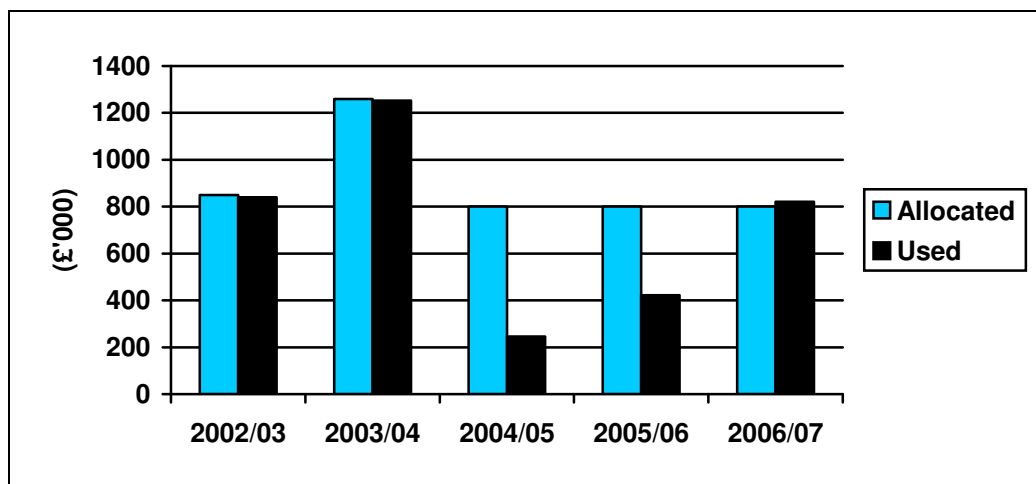


Figure 5 – Size and Use of Contingency

60 The General Contingency for 2007/08 will need to be set at a level to allow the Council to cope with some potentially significant financial issues, which are, at

¹⁵ 2006/07 Figures assume the allocation by Executive of £55k to Neighbourhood Services in respect of income pressures at the crematorium.

this stage not fully quantifiable. Details of possible calls on the contingency are set out at Annex 2 and summarised in Table 11.

	2006/07		2007/08	
	Potential Requirement	Utilised	One Off	On Going
	£'000	£'000	£'000	£'000
HASS	647	400	280	0
LCCS	277	79	0	0
City Strategy	50	0	0	400
Chief Executives	69	9	20	0
Resources	0	0	100	0
Neighbourhood Services	296	55	0	80
Corporate ¹⁶	450	279	100	545
Total	1,789	822	500	1,025

Table 11 – Summary of Potential calls on Contingency

- 61 In the context of the estimates provided above and the difficulties of costing some of the proposals it is recommended that Members set a robust contingency for 2007/08. It is accepted that not all these pressures will become a reality, but due to the uncertain nature of the possible pressures it is recommended that a contingency of £0.6m is set aside.

Contribution to the Council's Priorities

- 62 The council's corporate strategy for 2006 to 2009 has laid down 13 clear priority areas for service improvement. These are:
- (a) Decrease the tonnage of biodegradable waste and recyclable products going to landfill.
 - (b) Increase the use of public and other environmentally friendly modes of transport.
 - (c) Improve the actual and perceived condition and appearance of the city's streets and open spaces.
 - (d) Reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York.
 - (e) Increase people's skills and knowledge to improve future employment prospects.
 - (f) Improve the contribution that Science City York makes to economic prosperity.
 - (g) Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are poorest.
 - (h) Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city.
 - (i) Improve the quality and availability of decent, affordable homes in the city
 - (j) Improve our focus on the needs of customers and residents in designing and providing services.

¹⁶ Includes £275 for social care pressures which if required would be utilised by LCCS or HASS.

- (k) Improve leadership at all levels to provide clear, consistent direction to the organization.
- (l) Improve the way the council and its partners work together to deliver better services for the people who live in York.
- (m) Improve efficiency and reduce waste to free-up more resources.

63 Achieving these ambitious priorities over the next two years will require a high degree of commitment by the organisation. In some instances, such as for priorities ‘c’, ‘d’, ‘i’ and ‘k’ work has been on-going towards revising managerial and operational structures to ensure that outcomes can be improved within the existing resource base. The council recognises, however, that to achieve certain of its priorities the authority must make additional investment in key areas. To this end the growth proposals at Annex 3 identify opportunities for significant additional investment to support priority ‘a’, reduced use of landfill, and priority ‘e’, increased skills and knowledge. These are shown below:

Use of Landfill

- NS 1 – Landfill Tax
- NS 4 – Impact of Growth in Property Base
- NS 6 – Waste Strategy
- NSG 01 – Operating Costs of Three Additional Kerbside Vehicles

Skills and Knowledge

- CHG03 – KS3 Personalised Learning
- CHG05 – Primary Personalised Learning
- CHG06 – 14-16 Practical Options
- CHG08 PRUs and Skill Centres

64 As in previous years budget proposals have been developed to ensure that saving proposals have the least possible impact on the council’s priorities and the quality of service experienced by individual customers. By doing so the council has managed to release £4.799m of savings which have been reinvested in other service areas and in addressing the unavoidable spending pressures that the council will face during 2007/08.

65 During the next year work will be undertaken to further deliver significant improvements in the priority areas and to ensure that these, and objectives contained in future versions of the corporate strategy, are fully integrated into future budget processes.

Funding Position

Government Settlement - 2007/08

66 In 2006/07 the Government changed its approach to local authority funding. Before this date settlements were based on assumptions of spending need (Formula Spending Share). This spending need was partially funded by formula grant (Revenue Support Grant plus Non-Domestic Rates) and was balanced by a Government assumption on the amount of Council Tax each local authority could raise (Assumed Notional Council Tax).

67 From 2006/07 Local Government funding is based on a four-block model which no longer uses notional figures for spending and local taxation. Instead the formulae are now simply a means to distribute actual Government grant. Allocations from this approach are shown in Table 12.

	2007/08 £'000	2008/09 £'000
Relative Needs Block	24,242	24,766
Relative Resource Amount	-17,118	-17,794
Central Allocation	31,292	32,244
Floor Damping	-1,265	-0,872
Net Allocation	37,151	38,343

Table 12 – Government Funding Allocations 2006/07 and 2007/08

- 68 The government is also looking to move towards longer term financial settlements linked to the comprehensive spending review (CSR) cycle. As a result last year's settlement covered both 2006/07 and 2007/08, and following CSR 07 next year's settlement will cover the three year period 2008/09 to 2010/11. This should allow greater certainty in longer term budget setting. However for 2007/08 the figures have been provided for one year only.
- 69 As Table 13 demonstrates, the funding settlement indicated a £1.392m increase in formula grant offset by a reduction of £201k due to adjustments on the transfer of responsibilities into general grant providing a total allocation of £38.343m¹⁷. However it must be noted that in the settlements for 2006/07 and 2007/08 the level of funding received by the Council has, due to use of floor damping, been reduced by £2.137m (£1.265m and £0.872m for 2006/07 and 2007/08 respectively). At this stage no indications are available about when this damping will finally cease and CYC will get its full grant entitlement.

	2007/08 £'000	2008/09 £'000
Formula Grant for Prior Year	108,851	37,151
Dedicated Schools Grant Transfer	-74,451	0
Transfer of Responsibilities/New Burdens	1,565	-0,201
Adjusted Prior Year Formula Grant	35,965	36,950
Increase in Formula Grant	1,187	1,392
Formula Grant for Year	37,151	38,343

Table 13 – Breakdown of Funding Settlement

- 70 In 2006/07 York's grant increase of 3.3% was marginally ahead of the average for other unitary authorities (2.89%). However in 2007/08 this position has been reversed with a below average increase (3.8% as opposed to 4.1%). As Figure 6 demonstrates, when viewed as a two year settlement for the combined period 2006/07 and 2007/08, York has seen an average level of increase in its grant funding (7.17% compared to an average 7.16%).

¹⁷ It should be remembered that neither of these totals contain allocations for Dedicated Schools Grant which is made as a separate payment to the Council.

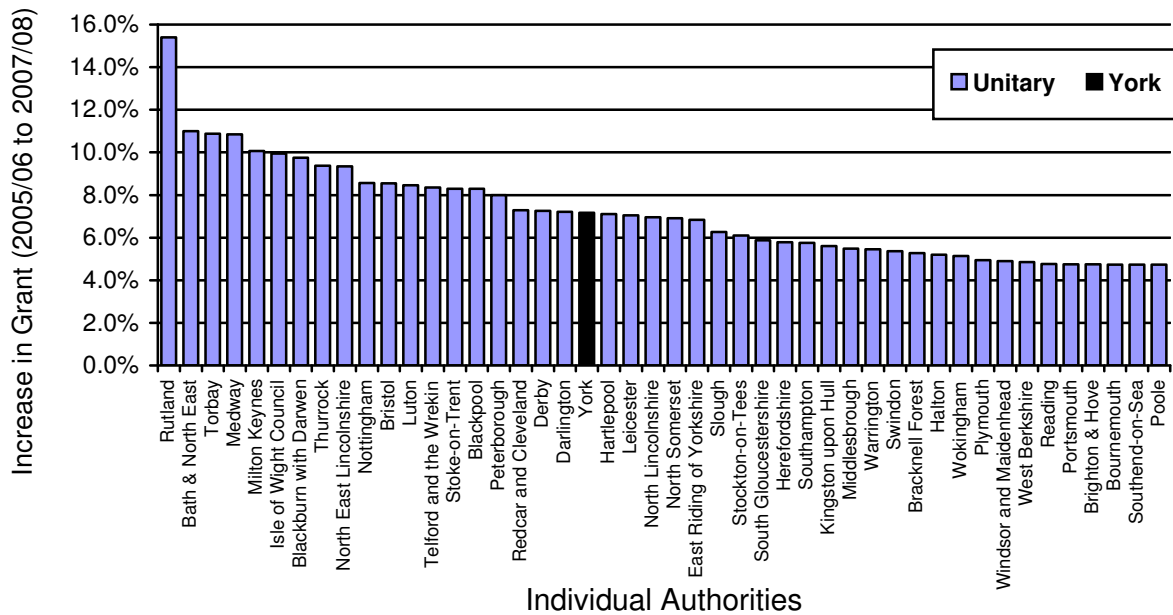


Figure 6 – Scale of Unitary Grant Increases 2005/06 to 2007/08 (Post Damping)

- 71 York’s funding has been affected by transfers of specific grants and new responsibilities into RSG funding which have resulted in a £201k reduction in overall grant. However at this stage a breakdown of how this figure is calculated is not available.
- 72 While the funding settlement identifies a net reduction in grant of £201k there are also a number of instances in social care where this change has not been as transparent, with the grant continuing at a lesser level at a total costs to the council of £1.047m. These are (including reference in Annex 3):
- HAG2 Supporting People, £897k
 - HAG4 Preserved Rights, £120k
 - HAG7 Mental Health, £30k
- 73 As Table 14 shows, the above adjustments have resulted in additional Government funding of £1.191m being available to support the Council’s spending needs the majority of which is required to ensure the continuation of services for which external grant has been withdrawn. It should also be noted that this is £842k less than would be the case if formula damping were not in place.

	2007/08 £'000
Reduced RSG due to Grant and Service Transfers	-201
Additional RSG for New Functions	0
Additional RSG/NNDR for 2007/08 settlement	1,392
Total	1,191

Table 14 – Gross Increase in Government Funding (General Fund)

- 74 Annex 1, summarised in Table 15, shows how these changes in funding affect the overall funding position for the Council. Once the use of reserves is taken into account the Council has £101.122m of funding available against identified budget pressures of £104.538m. This leaves £3.416m to be met from the

Council Tax, the equivalent of a 4.5% increase on a Band D property. Including the contribution from the collection fund this would increase the Council Tax element of funding for York to £64.883m.

Funding Requirements	2007/08 £'000
Existing Funding	98,869
Removal of one-off funding for non-rec exp.	-1,100
Starting Funding for 2007/08	97,769
<u>Funding Changes in 2007/08</u>	
Loss of Grant due to Transfers and New Grants	-201
Estimated Increase in RSG	1,392
Contribution from Collection Fund Surplus	850
Use of Reserves	1,312
Revised Funding for 2007/08	101,122
Additional Council Tax Income Required	
• From Increase in Council Tax	2,728
• From Additional Properties	688
Net Impact of Council Tax Increase of 4.5%	3,416
Net Funding Available	104,538

Table 15 – 2007/08 Funding

Adopting Changes to the Proposals

- 75 Details of service budgets were provided to members as part of the EMAP papers and the recommendations arising from these meetings are detailed at Annexes 3 and 4. However as Annex 5 shows individual EMAPs were also provided with alternate saving options which could be adopted to replace proposed savings, fund additional reinvestment or reduce the overall budget requirement. For reference members should note that in terms of the proposals and alternate options that a 0.1% change in the Council Tax equates to a saving of £61.23k or, alternately, a £100k saving equates to a 0.16% reduction in Council Tax.
- 76 Members also need to take due cognisance of the need to ensure that any amendments to the budget are balanced, that is savings and growth must either equal each other; or be corrected via appropriate transfers to or from reserves; or result in equivalent adjustments to the Council Tax levied by the Council; or reflect adjustments to the fees and charges levied.

Housing Revenue Account (HRA)

- 77 There is a separate budget report for the HRA which is attached at Annex 10. The proposals will ensure that the HRA is fully balanced, with expenditure commitments being matched by ring-fenced income. To balance the account and meet revenue growth requirements of £44k, and following a proposed rent increase of 5%, savings proposals of £76.6k have been made. The working balance on the HRA at the 31 March 2007 is estimated to be £5.453m, an increase of £618k over the balance at the end of 2006/07. This balance is

required to achieve the decent homes standard by 2010 in line with the HRA business plan. Full details of all proposals and supporting information are in the HRA Budget Report.

Dedicated Schools Grant and the Schools Budget

- 78 The DSG is ring-fenced for funding the provision of education for pupils in schools. As such it covers funding delegated to individual schools through the LMS Funding Formula and funding for other pupil provision that is retained centrally by the LEA. It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (5% in 2007/08). Additional funding is then allocated based on Ministers' priorities. For 2007/08 personalised learning and practical options for 14-16 year olds have been identified as priorities.
- 79 Expenditure under the DSG does not form part of the council's overall net revenue budget. Details of the proposals for this area are included alongside other elements of savings and growth at annexes 3 and 4. The LEA itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the Schools Forum limited contributions can be made to the following areas:
- Combined budgets supporting Every Child Matters objectives where there is a clear educational benefit.
 - Prudential borrowing, where overall net savings to the Schools Budget can be demonstrated.
 - Some SEN transport costs, again only when there is a net Schools Budget saving.
- 80 There are also strict limits (Central Expenditure Limits) on the amount of the DSG that the LEA can retain to fund pupil costs outside mainstream schools.
- 81 As Table 16 shows for 2007/08 York's increase in DSG is estimated to increase by £3.785m (+4.7%) to £83.835m, the equivalent of £3,614 per pupil (+6.4%). This figure includes additional funding which has been allocated for the following government priorities:
- Personalised Learning at Key Stage 3 and in primary schools (£879k)
 - 14-16 Practical Learning Options / Vocational Training (£215k)

	£'000
2007/08 Base Budget	79,539
Schools Minimum Funding Requirement	+ 2,722
Provision for Pay Increases (not schools)	+ 235
Provision for Price Increases (not schools)	+ 217
Growth Proposals (Annex 2)	+ 1,394
Savings Proposals (Annex 3)	- 272
2007/08 Total Proposed Budget	83,835

Table 16 - Schools Budget Proposals

82 The funding available includes the estimated 2007/08 DSG allocation of £83,582k plus a carry forward from 2006/07 of £253k because of an underestimation of pupil numbers in 2006/07. This will be updated following the annual schools and early years census in January 2007.

83 Although at face value the increases appear generous, they are well below average and are at the lower end of the increases nationally (134th out of 149 authorities). This can also be seen in the per pupil cash increase with the highest increase nationally of £419 per pupil in 2007/08 almost double the increase in York which is £217.

Schools Minimum Funding Requirement (+£2,722k)

84 The minimum guarantee applies to the funding provided by the LEA to schools via the LMS funding formula. The actual way the guarantee is calculated for an individual school varies depending on the type of school and the size of the school. The DfES have estimated average school level pay and price inflation for 2007/08 at 3.69% and based on this calculation have set the Minimum Funding Guarantee (MFG) at 3.7% per pupil for all schools in 2007/08. The estimated amount required to deliver the MFG for all York school (including net estimated change in pupil numbers) is £1,796k.

85 Central Expenditure Limit (CEL) regulations determine the minimum total size of the Individual Schools Budget (ISB). For 2007/08 an additional £926k (equivalent to 1.9% per pupil) will need to be allocated to schools over and above the £1,796k required to deliver the MFG (and the £879k included as ISB growth items at Annex 3) in order to meet the CEL limit.

Pay Increases and increments (excluding schools) (+£235k)

86 These calculations are based on a pay increase for APT&C and Teaching staff of 2.5% and a 0.6% increase in teachers' pensions at a cost of £190k. Growth of £45k is included for the net costs after allowing for new starters at the lower point of the grade.

Price Inflation (excluding schools) (+£217k)

87 The budget proposes that, due to the underlying low rate of inflation, there is a general price freeze on most budgets. The amount allowed for price inflation is to fund known price increases, e.g. contract payments and fuel bills.

Growth Proposals (+£1,394k)

88 A range of options for growth proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annex 3 are approved.

Savings Proposals (-£272k)

89 For the Schools Budget savings have had to be identified within the centrally retained budgets in order to keep expenditure within the overall DSG funding

level and meet the requirements of the central expenditure limit regulations. Annex 4 shows the full list of DSG savings proposals.

Schools Funding via the ISB (LMS Formula Funding)

- 90 Under the DfES regulations, the minimum overall increase required in the ISB for 2007/08 is estimated at £3,767k or 5.1%. This equates to an average per pupil increase within the ISB of approximately £180 or 5.9%. Table 17 sets out the initial estimate of how this figure is made up:

	£'000
Delivering the DfES Minimum Funding Guarantee	1,796
Post 16 Pupils – Funded by the Learning & Skills Council	94
Return of Primary Personalised Learning – Funding Area Teachers in 2006/07	72
Additional Primary Personalised Learning	346
Additional Key Stage 3 Personalised Learning	533
Headroom available to continue delivery of new funding formula introduced in 2005/06	926
Total	3,767

Table 17 – Individual Schools Budget Increase – 2007/08

- 91 The additional funding for post 16 sixth form pupils is determined by the formula set by the Learning and Skills Council, again for 2007/08 this funding will also be protected by the MFG at 3.7% per pupil.
- 92 For 2006/07 the primary headteachers agreed a top-slice of £72k from their personalised learning allocation to fund four part time area teachers that the council was proposing to cut. For 2007/08 a traded service is being established and the £72k top slice is returned to the ISB.
- 93 As part of the two year settlement the DfES had already announced additional funding in 2007/08 for personalised learning totalling £879k. At its meeting in September the Schools Forum agreed to maintain the existing method of distribution within the formula for 2007/08 prior to a full review of deprivation funding for 2008/09.
- 94 When the new LMS Funding Formula was introduced from April 2005 the overall level of funding available was insufficient to allow most schools to reach their new target level immediately. To deal with this the Schools Forum agreed that a maximum (ceiling) per pupil increase would be determined each year depending on the overall increase in the level of resources available. Those schools whose formula funding level (on a per pupil basis) was above the ceiling level would then have their increase capped at the ceiling level. Over a period of time, originally estimated at 4/5 years, the vast majority of schools would be moved to their target level of funding.
- 95 In setting the two year budget strategy last year the Schools Forum agreed that the additional headroom within the ISB over and above the new personalised learning allocations and the sums required to deliver the MFG should continue to be used to move schools to their target level under the new formula. The estimated £926k available in 2007/08 (the third year of the new formula) should

enable a maximum ceiling increase of at least 7.5% per pupil to be set. This means that over 70% of schools will have reached their new target level; ahead of the schedule originally envisaged.

School Standards Grant (SSG), School Development Grant, Standards Fund Grants

- 96 Almost all of these funding streams were pre-announced for 2007/08 as part of the two year funding allocations (although some additional SSG was announced in the Chancellor's Pre Budget Report in December 2006). Schools will receive a minimum 3.7% increase in the vast majority of the allocations delivered through these funding streams. The exception to this is the targeted allocations related to the Primary and Key Stage 3 strategies, which are due to be announced by the DfES in early 2007.
- 97 For the elements of these grants supporting LEA services and staffing, the DfES has continued to freeze allocations at 2003/04 levels. This puts particular pressure on the Educational Development Service and in 2007/08 one advisor post will need to be deleted to contain costs within the grant allocations.

School Specific Contingency

- 98 The school specific contingency budget is effectively a sum that is top-sliced from the ISB funding available for schools. As such the actual level of the contingency can only be set by the Schools Forum and once set can be used by the LEA for two purposes. This is totally separate from the general fund contingency shown at Annex 2.
- 99 Firstly as an ISB contingency retained to deal with any data errors notified by schools within their LMS formula funding (mainly at provisional resource allocation stage). This sum is also used to adjust school funding in year to reflect items funded in the LMS Formula on an actual basis that could only be estimated at the start of the year.
- 100 Secondly a separate contingency held outside the ISB by the LEA for circumstances where Governing Bodies face unreasonable and significant cost pressures during the year that could not have been planned for or were unknown at the start of the year.
- 101 In setting the two year budget strategy last year, it had already been agreed that the following provisions be made in the School Specific Contingency budget for 2007/08:
- £77k, representing 0.1% of the total ISB to cover data errors and changes and variations in items funded in the formula on an actual basis.
 - £250k to write off any deficits at Oaklands and Lowfields schools at the time of closure and fund the costs of the shadow governing body of the new York High School prior to the school opening in September 2007.
 - £100k as a general contingency
- 102 For 2007/08 an additional item of £250k is proposed to fund the costs of any

pay protection schools may be expected to fund as a consequence of the job evaluation process for non-teaching staff.

- 103 Members should note that any funding set aside in the School Specific Contingency budget can only be spent on directly supporting schools. Any sums unspent would have to be carried forward to the following financial year and ultimately allocated in some way across all schools if they were not called upon.

Combined Budgets Supporting the Every Child Matters Agenda

- 104 In setting the two year budget strategy last year, the Schools Forum has already agreed that a sum of £237k be used to support a combined budget for managing education and care placement costs for the city's looked after children population. This has meant that during 2006/07 the majority of this funding has been used to continue the development of a high quality local fostering programme. A recent report on the placement strategy for looked after children has been presented to the Children's Service EMAP. This report set out the advantages both in terms of financing and for the individual child's care / education. The report also recommended further expansion of the local fostering programme.
- 105 In financial terms the benefits of the approach are already being seen. The DSG funded Out of City Placements budget has been under severe pressure for a number of years now, with significant increases (c£250k per annum) in the budget being required. For 2006/07 in anticipation of the new approach no increase was made to the budget. Despite this the current projection is for an underspend of about £60k by the end of the year. The Schools Forum has therefore been asked to agree that the combined budget of £237k continues to be used to support the development of the local fostering programme.

Exceptions to the Central Expenditure Limit

- 106 The school funding regulations set strict limits on the level of funding that can be retained from the DSG by the council to fund centrally provided services for pupils. If the authority wishes to retain any sums above the limits then the specific approval of the Schools Forum is required. Table 18 summarises all the existing and proposed exemptions to the Central Expenditure Limits for 2007/08.

	£'000
<u>Existing Exemptions Agreed in 2006/07:</u>	
• Transfer of Teachers' Pay Grant for Centrally Employed Staff	192
• Practical Learning Options for 14-16 Year Olds	338
• School Specific Contingency Items:	
○ ISB Errors and Actual Cost Items (@ 0.1% of total ISB)	77
○ General Unspecified Annual Contingency Level	100
○ West of York Secondary School Review	250
<u>New Exemptions Requested for 2007/08:</u>	
• Job Evaluation Pay Protection Contingency	250
• Early Years SEN Transfer from ISB	24
Total Exemptions for 2007/08	1,231

Table 18 - Exceptions to the Central Expenditure Limit – 2007/08

- 107 At its meeting in October 2006 the Children's Service EMAP approved a proposal to redirect £24k of funding currently contained within the ISB and delegated to Burton Green Primary School's Early Years Special Educational Needs (SEN) unit. Under the proposal the unit at the school will close at 31 March 2007 and the £24k of funding would be used to support early years SEN provision in other settings (other maintained schools or private, voluntary and independent nurseries).

Precepts

- 108 In addition to the Council Tax to be charged by the City of York, the overall charge must include the precepts from the Police Authority, Fire Authority and Parish Councils. Due to the timing of this report these precepts are not yet available but will be included in the report which is considered by full council on the 21st February. However to put this decision in context in 2006/07:
- The Police Authority increased its precept by 2.27% (£4.00) resulting in a Band D Council Tax of £180.
 - The Fire Authority increased its precept by 2.56% (£1.36) resulting in a Band D Council Tax of £53.94.
- 109 As Table 19 demonstrates in 2006/07 these increases resulted in a total Band D Council Tax for York of £1,173.71.

	2006/07			2007/08	
	Increase (£)	Increase (%)	Council Tax	Council Tax	Increase (%)
CYC	48.95	5.49	939.77	982.06	4.5
Police	4.00	2.27	180.00		
Fire	1.36	2.56	53.94		
Total	54.31	4.86	1173.71		

Table 19 – Headline Council Tax Figures for City of York Area

- 110 There are 31 parish Councils within the City of York Council area all of which will have set their precepts before the council meeting on the 21st February. In total the parish precepts rose by 8.9% in 2006/07. This overall change masked a wide variety of increases and decreases in the individual parishes ranging from a reduction of 32.5% at Upper Poppleton to a doubling of the precept in Osbaldwick. In 2006/07 the impact upon individual taxpayers also varied from a Council Tax charge of £6.06 per Band D property in Strensall and Towthorpe, to £38.58 in Heslington.

Budget Consultation

- 111 For 2007/08 stakeholder consultation has been undertaken with the business community, the voluntary sector, a selection of other external bodies and the public. Details of the responses given are provided at Annex 9.

National Non Domestic Rates (NDR)

- 112 In April 2006 the two NNDR multipliers were 43.3p in the pound for normal properties and 42.6p in the pound for smaller properties (based upon the total rateable values of all properties held by a single owner). From April 2007 these multipliers will increase to 44.4p (2.54%) and 44.1p (3.52%) respectively. Bills for individual ratepayers will also be adjusted in line with the national transitional relief scheme, which from April 2005 to March 2009, aims to mitigate the effect of those properties that would otherwise see large changes in their NNDR bills.
- 113 During the consultation meeting with the business community concern was expressed that as a city York did not benefit from growth in its business community through the payments made by companies via NNDR. The NNDR income which the council collects is remitted in full to the Treasury, which redistributes amounts to Local Authorities as part of the RSG settlement process. In addition to this there is a national scheme called the Local Authority Business Growth Incentive (LABGI) which is designed to reward councils with one off funding if they exceed a target for the generation of business rates. This reward funding can be used for any purpose.
- 114 Unfortunately for York the current trend in rateable value for business premises has been downwards with large-scale businesses closing their operations, for example Terry's of York. Therefore, although there is a perception that in certain parts of the local economy there is steady growth, overall there has been a fall in real terms in the amount of business premises being occupied. York looks unlikely to benefit from this scheme either in 2007/08 or 2008/09 after which it is not known if the scheme will continue. It is worth noting that council owned properties comprise 3.6% of the total NNDR liability for the York area.

The Government's Efficiency Agenda

- 115 Over the 3 year period from 2005/06 to 2007/08 the Efficiency Agenda aims to divert £6.45 billion of national and local Government expenditure into front-line services. At least half of the efficiency gains must provide a direct financial saving or benefit and the money released can be spent elsewhere or used to balance the budget (cashable). The remainder may be non-cashable i.e. gains may not necessarily lead to lower costs but will lead to improved performance for the resources used. The efficiency agenda is not about cutting the overall level of funding to local Government. Instead it aims to recycle efficiency savings into front line services and, to date, there has been no impact on the level of grant support provided to local authorities.
- 116 At the 2006/07 mid year monitoring point the Council estimated cumulative efficiency gains of £ 8.559m against a target to date of £ 5.871m. If the 2007/08 budget saving proposals are approved these will deliver cashable efficiencies of around £2.369m. In addition to these there are a number of potential cashable and non-cashable savings which are yet to be formally appraised.

	2005/06	2006/07	2007/08
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	£'000	£'000	£'000
Annual Target			
• Cashable	1,294	1,642	1,467
• Non Cashable	1,294	1,642	1,467
Cumulative Target	2,588	5,872	8,806
04/05 Backward Looking ¹⁸	1,023	1,023	1,023
05/06 Outturn	3,842	3,842	3,842
06/07 Mid term Monitor		3,694	3,694
07/08 Estimate		2,369	2,369
Efficiencies achieved	4,865	8,559	10,928
Over/(Under) Target	2,278	2,688	2,122

Table 20 – Progress on Efficiency Targets

- 117 As Table 20 shows the Council remains well ahead of its cumulative efficiency target and is well placed to significantly exceed its overall target at March 2008. However while it is currently ahead of these overall targets the Council needs to take steps to ensure that it maintains this positive position. This will require the Council to do more to formalise the efficiency agenda and develop its programme of specific efficiency reviews.
- 118 In the Pre Budget Report the Chancellor announced that from April 2008 the council will face an annual cashable efficiency target of 3% (the equivalent level of non-cashable savings is yet to be announced). Allowing for net budget growth of 4% per annum this would result in a target of £3.64m in 2008/09, £3.79m in 2009/10 and £3.94m in 2010/11.

Medium Term Financial Position

Overall Position

- 119 While it is a legal requirement that the Council balances its budget for the next financial year and sets a Council Tax, it is essential that this is done in the context of its medium term requirement. This is done to avoid significant swings from year to year and more importantly to plan ahead if the financial projections indicate the need for major reductions in spending or Council Tax increases and to ensure that increasingly scarce resources are correctly targeted.
- 120 In support of this, in 2006/07 the ODPM, for the first time, published a two year settlement covering both 2006/07 and 2007/08, a development which was introduced to bring greater stability and certainty to funding for local services in the belief this should allow better financial management and more efficient use of resources, and introduce greater stability to the Council Tax. The government has indicated that in future settlements would mirror the three year cycle of comprehensive spending reviews (CSR) leading to a three year settlement in 2008/09 and a two year settlement for 2009/10. However as the

¹⁸ In 2005/06 the Council was allowed to take into account on-going efficiency savings achieved in 2004/05.

results of CSR 2007 are yet to be announced 2007/08 is a traditional one year funding settlement.

121 Even allowing for a Council Tax increase of 5% Annex 1, summarised in Tables 21 and 22, shows current projections of a shortfall in resources of £5.82m in 2008/09¹⁹. At this stage these figures include a number of assumption, including:

- a. An assumed £4m additional departmental recurring growth pressures;
- b. £4.85m for pay and price increases;
- c. £636k for the overall impact of capital expenditure;
- d. £0.8m contingency fund in each year.

Funding Requirements	2008/09 £'000
<u>FUNDING</u>	
Existing Funding	104,538
Removal of one-off funding for non-rec exp.	-1,312
Starting Funding for 2008/09	103,227
<u>Funding Changes in 2007/08</u>	
Estimated Increase in RSG	436
Contribution from Collection Fund Surplus	600
Use of Reserves	627
Additional Council Tax Income	
• From Increase in Council Tax	3168
• From Additional Properties	665
Net Impact of Council Tax Increase of 5%	3833
Net Funding Available	108,723

Table 21 – 2008/09 Funding

Expenditure Requirements	2008/09 £'000
Net Expenditure Budget for 2007/08	104,538
Less: One-off Funding for non-recurring items	-1,312
Starting Expenditure requirement for 2008/09	103,227
Unavoidable and Corporate Non-Schools Expenditure Pressures	
Recurring	7,112
Non-Recurring	295
Total Unavoidable Pressures	7,407

¹⁹ Excludes Council Tax increase and assumes £4m of discretionary growth

Directorate Growth Funded via Reprioritisation	
Adjustments to 2008/09 Growth Proposals	-296
Assumed Growth	4,000
Total Directorate Growth	3,704
Total Expenditure Pressures	
Adjustments to 2007/08 Savings Proposals	402
Adjustments on Corporate Budgets	-197
Net Budget Growth / Additional Funding Requirement	11,316
Gross Budget Requirement	114,543
Funding Available (Table 21)	108,723
Projected Saving Requirement for 2008/09	5,820

Table 22 – 2008/09 Expenditure Requirements

- 122 While the gap does include current known pressures and the implications of decisions proposed in this report it does not take into account any issues arising from Governmental and Council policy decisions. Prior experience indicates that such developments may well require funding over and above the levels currently identified.
- 123 In determining its approach the Council needs to pay due regard to a number of factors, not least potential future capping criteria. In this area the Government has made it clear that it anticipates average Council Tax increases to be below 5% for 2007/08. However, as the council unfortunately found out in 2006/07, the use of the word average in this regard was a misnomer which meant that intervention occurred where council tax increases exceeded 5%.
- 124 Based on such factors the Council needs to consider a range of future options. Such developments need to focus on:
- The Council's low level of relative expenditure and its need to maximise available resources.
 - Maintaining an annual Council Tax increase of no more than five percent per annum.
- 125 While the above options provide a target range for future Council Tax increases of no more than 5% the Council should continue to look to balance current and future expenditure pressures with the city's position as the lowest spending unitary authority. As such the Council should continue to seek to maximise its income levels both in terms of central Government funding and the levels of Council Tax yield it secures.
- 126 It should be remembered that outside of these concerns the Council needs to correctly manages those services such as schools for which it receives direct grant funding and to ensure that the HRA works towards the decent homes standard whilst maintaining adequate working balances.

Additional Pressures

127 In considering the level of council tax increase the authority needs to be aware of the significant pressures that the Council faces in the near future. These include:

a. The future costs of waste management

There are significant cost pressures facing the Waste Management budget over coming years. Landfill Tax is currently increasing by £3 per tonne and the introduction of Landfill Allowances limits the amount of biodegradable municipal waste²⁰ that the Council can dispose using landfill. In 2007/08 the Council is having to put aside £227k to cover these cost increases. The Landfill allowance is 63,450 tonnes in 2007/08 and this is set to reduce to 20,640 tonnes by 2020. While it is currently forecasted levels of landfill will be within allowances up to and including 2008/09 after this date the Council will need to have diverted additional waste from landfill or purchased allowances from other local authorities. If this is not achieved then the Government will fine the authority £150 per tonne landfilled over the allowance. This could potentially cost the Council £11.5m over the following four years. To alleviate this risk the Council in partnership with North Yorkshire County Council is seeking to undertake a PFI procurement that will divert waste from landfill.

b. The introduction of job evaluation (see paragraph 26)

c. The deficit on the pension fund (see paragraph 21)

d. The reduced level of contingency funding (see paragraph 59)

e. The increasing numbers of elderly and the costs of services for them

Current estimates envisage that the client base for social care will have increased from 4,892 in 2002/03 to 6,353 by 2008/09. The impact of this growth in the client base will be further magnified should historic increases in the average cost per client also continue.²¹ Alongside this a number of actions have been taken to control social care costs. In order to maintain a balanced budget into the future it is imperative that these actions are successfully monitored and delivered.

f. The threatened substantial cuts in grants for 'supporting people'

The supporting people grant is being significantly reduced from £8.4m in 2006/07, to £8.2m in 2007/08 and then further to £8.0m in 2008/09. Looking ahead the allocation formula (currently being consulted on) would mean a 50% reduction in funding over the next 10 years (phased in at 5% per year). Supporting People now funds the majority of 22 The Avenue, a Mental Health facility, and almost all supported living schemes as well as a significant element of warden call and all homeless hostels. Such a reduction would not just impact on the Council but reduce funding across

²⁰ BMW is calculated as being 68% of total waste arisings.

²¹ For personal care the average costs per client rose from £56 per week in 2001/02 to £95 to 2004/05. Since 2001/02 across all life stages there has been an increase from an average of £58 to £96 (65%).

the sector. Due to the scope of the schemes which Supporting People funds the Council would have to deal with reductions in services where they were statutory or a statutory obligation to the customer existed (for example if funding for a supported living scheme reduced or ceased then the Council may face increased costs for residential care).

g. The backlog of outstanding works needed to the City infrastructure, in particular roads and Council buildings

Members will be aware that in spite of the recent investment allocated to improve highways we have only managed to halt the deteriorating trend and therefore have not been able to significantly reduce the backlog of structural maintenance work. At present, as Table 23 demonstrates, it is estimated that to address this backlog and bring all grade 3 [poor] highways up to a grade 1 [good] standard would cost £27.628m. This is just under £2m less than the corresponding figure developed for last years budget (£29.532m).

	Km's	%	£'000
<u>Carriageway</u>			
Principal	10.8	15	3,067
Non-Principal	22.8	14	5,146
Unclassified	93.4	18	12,407
Footway	68.3	7	7,008
Total			27,628

Table 23 – Outstanding Infrastructure Work - Highways

It should be noted that the percentage of grade 2 carriageway has increased by five percentage points compared to a decrease of two percentage points in the overall grade 3. Although the backlog figure is based on the upgrade of roads in grade 3 condition the increase in roads classified as grade 2 will potentially effect the backlog calculations in the future.

The capital resources which were allocated to deal with the repair backlog and access issues have been directed at those buildings which are most used by the public and which the operational services have been identified in their Service Asset Management Plans as being retained for service delivery in the foreseeable future. As a result the amount of urgent repairs required (i.e. those which will need doing in the next 2 years) has reduced from over £15.6m to £15m (excluding Housing) and accessibility to buildings continues to improve with DDA compliance now having reached 80%. There is still need therefore to continue with these works using the agreed criteria and continued capital and revenue resources will be needed in the coming years. To address this the council will need a combination of modernisation, replacement, pfi, partnerships and its own limited internal resources.

Specialist Implications

128. The following implications apply to this report:

Financial

129 These comprise the body of the report

Human Resources (HR)

130 Where requested HR have been involved in the development of the budget proposals and have worked with local managers to identify the HR implications of the proposals. A detailed analysis of the proposals has been undertaken by HR staff and it is expected that the savings proposals will result in a reduction of approximately 35 full time equivalent posts and could potentially lead to approximately 19 redundancies (with the associated costs of related redundancy payments). However it is likely that the overall number of redundancies will be lower than this as Human Resources, in conjunction with local managers, will work to mitigate the effect of the savings proposals on individual employees through processes such as redeployment. There are also a number of proposals which may result in staffing reductions, primarily through restructuring exercises, although the precise numbers will depend on the agreement of the final proposals and can not therefore be quantified at this time. In addition the retention of external grant funding in some areas will also reduce the final number of posts to be removed from the establishment below the level currently indicated.

131 The HR implications described above will be managed in accordance with established Council procedures. As part of this process consultation with affected staff and their representatives has been undertaken at a corporate and departmental level. In addition, these reductions will occur in different phases during the next financial year which will help to ensure as many people as possible are found suitable alternative employment with the Council.

132 There is a statutory requirement for consultation with both the trade unions and employees affected where 20 or more redundancies are proposed within a 30 day period. This threshold has not been reached yet, however if the anticipated number of potential redundancies increases when the proposals described above become clearer, it will be necessary for the Council to issue an Advance Notification of Redundancies (HR1) to the Department of Trade and Industry and the trade unions. Failure to do so could result in delays to redundancies taking place and penalties associated with non-compliance.

133 A number of the growth items contain bids for additional resources. If these growth items are not agreed, managers will need to revisit departmental service plans and either identify alternative ways of delivering the additional work, or prioritise work that will either not be delivered or will be delivered over longer timescales than currently anticipated. Some of the growth bids, if approved, may provide redeployment opportunities for staff affected by savings proposals elsewhere.

134 Action is already being taken to more effectively manage vacancies in order to provide opportunities for staff who may be affected and recruitment controls

have been developed in order to assist with the redeployment process. This action will continue whilst savings proposals containing staffing implications are implemented.

- 135 In addition, in future years the Council will continue to face significant budget pressures. In these circumstances, it will become increasingly necessary for consideration to be given to how some services can be maintained if further incremental reductions are needed. It would be prudent for the Council to begin the planning process now in order to consider how services may need to be re-designed or delivered in different ways in the future, in order to maintain service standards and performance. Failure to adequately plan for these changes may compromise the Council's ability to achieve excellence in the future.

Equalities

- 136 No equalities issues have been identified in the development of this report. Where potential equality issues arise from individual proposals they will need to be dealt with by operational management as part of any subsequent implementation process.

Legal

- 137 The council has a legal requirement to set a balanced budget on an annual basis. The proposals contained in this report would, if adopted by the Executive and Full Council, enable this duty to be met.

Crime and Disorder

- 138 None from this report.

Information Technology (IT)

- 139 None from this report.

Property

- 140 None from this report

Statutory Advice From the Director of Resources/ Comments on Capping

- 141 The Local Government Act 2003 places responsibilities upon the Council's Chief Finance Officer to advise the Council on the adequacy of its reserves and the robustness of the budget proposals including the estimates contained in the document. This section also addresses the key risks facing the council in relation to current and future budget provision. The following paragraphs give my views on the budget, reserves and general robustness of the process.
- 142 The proposals in this budget give a balanced budget for 2007/8 and give consideration to the 2008/09 and 2009/10 financial years. The Council has taken many steps to try to put itself on a firmer long term financial footing including addressing some significant Social Services demand and expenditure

pressures and taking some significant steps to tackle the challenges of waste management. It has also set up and undertaken some considerable revenue and capital projects which are aimed at improving the long term stability, viability and efficiency of the Council.

- 143 In the coming months officers will be undertaking a number of initiatives to identify options to improve the Council's resilience. These include the production of the medium to long term LATS waste strategy, the production of the Medium Term Financial Strategy and the identification of key issues facing the Council in the next 4 years. The Government will also be producing a variety of initiatives and information of which the Comprehensive Spending Review and the Lyons report should be particularly significant. It is important that the Council takes steps to further prioritise and to redirect expenditure to meet the changing needs and demands that it will be facing in coming years.
- 144 Notwithstanding the positive steps which continue to be taken, the current low Council Tax levels, low grant funding and low expenditure make it increasingly difficult for the Council to have a resilient long term funding position in relation to its ambitions for good quality service provision. In addition the Council is struggling in terms of its capacity to deliver whilst significant annual savings and cuts have to be implemented to maintain a balanced budget.
- 145 There are no proposals contained within this report to use balances to fund recurring items of expenditure. While the correct level of reserves is a matter of judgement, I have, for the first time, introduced a risk based analysis to inform this decision. The resulting calculation indicates that the council should, as a minimum, hold general reserves of £5.065m and, at £6.01 m for 2007/08 and £6.696m for 2008/09, I am recommending that the council looks to remain above this target for the next two years. This is particularly important as Annex 1 shows that there is potentially great pressure in future years and there will be a need to support aspects of the admin accom project from reserves from 2009/10 onwards. The decision on the adequacy of the level of reserves is linked to the general robustness of the budget process and the Council's systems of budgetary control and risk management. These need to ensure that the Council will not be exposed to any unforeseen major financial problem requiring the use of reserves to resolve. The Executive has considered and agreed the Council's Risk Management Strategy, which identified the major risks facing the Council and provided details as to how these would be dealt with. With regard to budgetary control, I believe that the Council has tight control systems in operation that are regularly reviewed by the District Auditor and internally. The Council needs to concentrate and take remedial action in order to control overspends and achieve income targets.
- 146 In coming to my view I have examined York's performance against a range of financial management systems that need to be in place
- a. Monitoring systems;
 - b. Budgets aligned to responsibility;
 - c. Proper financial reporting;
 - d. Financial policies linked to policy and service objectives;

- e. Clear roles and responsibilities;
 - f. Financial regulations are appropriate and in place;
 - g. in particular the practice of ensuring that almost all saving proposals are specific, allocated to an individual manager, planned, realistic and achievable should ensure that the Council's overall budget balancing is realistic.
- 147 With regard to the robustness of the budget, I consider that the estimates in the budget are sound and that the proposals to achieve a balanced budget are achievable. The overall package, which includes a Contingency sum of £0.600m, is a realistic approach in dealing with the financial pressures facing the Council next year. I would draw Members attention to the earlier comments at paragraph 7 on the medium term position and the actions required now to start preparing for these challenges.
- 148 The Government have announced that they will again consider capping Councils who, they feel, are raising Council Tax levels excessively. The capping criteria they use are often based on budget growth and Council Tax increases. The Government have talked about average increases of 5% and maximum rises of 5%, but they do not publish the criteria they will use until after we will have set out budget. Based on their actions last year and the restrictions they have placed upon the council I believe that in 2007/08 the authority will have to agree a council tax increase of no more than 4.5% to avoid capping.
- 149 I do have serious concerns about future budget pressures in the forecast and about the pension fund, where the deficit is running at 93.4% of our net annual budget. In the light of these pressures, and York's relatively low Council Tax I would recommend that Members set the Council Tax as high as possible, whilst staying below our estimates of the possible capping limit. If it were not for capping the Council should be considering higher levels of Council Tax (or further savings if it were possible and acceptable to make them) in order to deal more effectively with the pension fund and the future financial pressures.
- 150 However, in reaching their final decision members need to balance this opinion with the risks and implications of the Council being capped. Not least amongst these are the reputational damage which capping could cause and potential costs of rebilling which in 2006/07 were estimated at £170k.

Recommendations

- 151 Members are asked to consider the appropriate levels of Council Tax that they wish to see levied by the City of York Council for 2007/08 and a target range for the potential increase in 2008/09. In doing so they should pay due regard to factors such as:
- a. Expenditure pressures facing the Council in 2007/08, 2008/09 and 2009/10 as detailed at Annex 1;
 - b. The impacts in 2007/08, 2008/09 and 2009/10 of the growth requirements and savings proposals outlined at Annexes 3 and 4;

- c. Medium term financial factors facing the Council as outlined from paragraph 119 onwards;
- d. The levels of reserves projected to be held at the 31st March 2009 (Annex 7);
- e. Significant future pressures identified at paragraph 127;
- f. The statutory advice from the Director of Resources provided from paragraph 141 onwards;
- g. The need to ensure that any adjustments to these proposals are self balancing within the requirements laid down by the Director of Resources as the Council's Responsible Financial Officer.

152 In light of these considerations Members are asked to recommend to Council approval of the budget proposals as outlined in this report, in particular:

- a. The net revenue expenditure requirement for 2007/08 of £104.538m, as set out in Table 1;
- b. The housing revenue account proposals outlined at Annex 10;
- c. The dedicated schools grant proposals outlined from paragraph 78 onwards;
- d. The revenue growth proposals for 2007/08 outlined in Annex 3, which include the post EMAP amendments detailed at paragraph 42;
- e. To allow the Chief Executive, if required, to utilise in 2006/07 £50k of the proposed £215k budget for the 2007/08 elections;
- f. The revenue savings proposals for 2007/08 outlined in Annex 4;
- g. In terms of the council's reserves to:
 - i. Agree the use in 2007/08 of £1.312m of revenue reserves as outlined in paragraph 50;
 - ii. Authorise the transfer of balances held on the Bellwin reserve into the general reserve as detailed at paragraph 54;
 - iii. Endorse the adoption of a risk based calculation to inform the Director of Resources opinion on the appropriate minimum level of general reserves as described at paragraph 52;
- h. The release of further funds to support the job evaluation project as outlined from paragraph 26 onwards;
- i. The fees and charges proposals in Annex 8.

153 The reason for these decisions is to provide full council with a balanced set of budget proposals which it can consider in reaching its decision on the budget and resultant council tax which it will set for 2007/08

- 154 The effect of approving the income and expenditure proposals included in the recommendations would result in an increase in the City of York element of the Council Tax of 4.5%. It is intended that the total Council Tax increase including the parish, Police and Fire Authority precepts, will be agreed at the full Council meeting on the 21st February 2007.

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Simon Wiles
Director of Resources

Report Approved **Date** 4/1/07

*Peter Steed
Head of Finance*

Report Approved **Date** 4/01/07

Specialist Implications Officer(s) Human Resources

Name Chris Tissiman

Title

Tel No. Extension

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

All

For further information please contact the author of the report

Background Papers

Medium Term Financial Strategy - Executive
2nd Finance and Performance monitoring report - Executive
EMAP reports December 2006
Government Grant settlement papers

Annexes

- 1 Summary of Budget
- 2 Contingency
- 3 Growth and Reprioritisation
- 4 EMAP Saving Proposals
- 5 Alternate Saving Proposals
- 6 Use of reserves
- 7 Estimated Reserve Balances
- 8 Fees and Charges (in Member Library)
- 9 Consultation responses
- 10 Housing Revenue Account budget report

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	Value 2007/08 £'000	Value 2008/09 £'000	Value 2009/10 £'000
UNAVOIDABLE PRESSURES - RECURRING			
<u>Employment Costs</u>			
Pay Increases for APT&C @ 2.50%	1,694	1,800	1,900
Employers' LGPS Contributions	50	50	50
LEA Teachers' Pensions 0.6% increase from 01.01.2007	15	0	0
Pay Increments	678	700	750
Job Evaluation	1,075	500	0
Price Inflation (2.3%)	1,330	1,500	1,550
Utility Price Inflation	500	300	300
Environment Agency and Drainage Board increased levies	28	30	30
Additional financing for borrowing (capital programme)	414	298	405
Revenue implications of capital programme and disposals	50	100	100
Minimum Revenue Provision - New Borrowing	331	238	324
Minimum Revenue Provision - Commutation adjustment	99	131	95
Minimum Revenue Provision - Local Govt Re-org	(180)	0	0
Rent reviews on admin accom	27	100	33
2009/10 Insurance contract	0	0	200
Full year effect of prior year growth	48	0	0
Full year effect of prior year savings	129	0	0
Impact of Savings on HRA / DSG	50	50	50
Landfill Tax	227	250	250
LATS Permits	0	229	524
Increased Rates bill at new Depot	133	0	0
Waste Management - growth in property base	36	36	36
TOTAL RECURRING UNAVOIDABLE GROWTH	6,734	6,312	6,597
Contingency	600	800	800
COMMITTED ONE-OFF EXPENDITURE AND USE OF RESERVES			
Job Evaluation	175	0	0
Contribution to 2010 Mystery Plays (yrs 2-4 of 5)	20	20	20
Waste Strategy (Yrs 3-5 of 5)	250	250	250
FMS Project (Yr 3 of 3)	100	0	0
Housing Benefit Venture Fund Repayment (Yrs 2-4 of 5)	25	25	25
TOTAL COMMITTED ONE-OFF EXPENDITURE	570	295	295
TOTAL UNAVOIDABLE GROWTH	7,904	7,407	7,692
Directorate Reprioritisation Proposals			
IT Development Plan	467	500	500
Housing General Fund	17	27	32
Adult Social Services	1,640	(126)	0
LCCS	463	0	0
City Strategy - Planning & Transport	506	103	(46)
City Strategy - Economic Development	0	0	0
Chief Executives	413	(292)	0
Resources	319	0	0
Neighbourhood Services	377	(8)	70
Assumed Future Demand for Reprioritisation	0	3,500	3,500
Total Directorate Reprioritisation	4,202	3,704	4,056
Total Growth Requirement	12,106	11,111	11,748

	Value 2007/08 £'000	Value 2008/09 £'000	Value 2009/10 £'000
Less Adjustments on Corporate Budgets			
One-off 06/07 growth funded from base	(231)	0	0
Non-ring fenced DfT Grant - Road Safety Initiatives	(201)	(197)	(194)
Non-ring fenced DoH Grant - Implementation of Smoke Free Legislati	(78)	0	0
Impact of Use of Contingency in 2006/07	(28)	0	0
Total Corporate Adjustments	(538)	(197)	(194)
<u>Directorate Saving Proposals</u>			
Housing General Fund	(86)	(27)	(32)
Adult Social Services	(899)	(7)	0
LCCS	(866)	91	(4)
City Strategy - Planning & Transport	(994)	330	0
City Strategy - Economic Development	(22)	10	0
Chief Executives	(214)	4	0
Resources	(816)	(24)	(2)
Neighbourhood Services	(902)	29	29
Total Directorate Savings	(4,799)	406	(9)
Increase in Annual Budget Requirement	6,769	11,320	11,545
<u>Funded By:</u>			
Use of Reserves - unavoidable one-off pressures	1,312	627	584
Council Tax Surplus	850	600	600
Estimated annual increase in Government Grant	1,191	436	436
Increase in Council Tax (4.5%,5%,5%)	2,728	3,168	3,326
Additional Properties	688	665	698
Revised Annual Funding	6,769	5,496	5,644
OVERALL BUDGET GAP	0	(5,824)	(5,901)

MTFF Ref.	Description	£'000
Recurring Pressures		
CORP 21	<u>Pay Award</u> Allowance if pay award reaches 2.75%	170.00
CORP 22a	<u>VER and Redundancy Provision</u> Recurring allowance for additional pension and VER costs	100.00
CORP 23	<u>Social Care</u> Provision for unexpected social care costs.	275.00
CSG99	<u>Concessionary Fares</u> Provision set aside in case appeals against local schemes for concessionary fares lead to additional costs.	200.00
CSG06	<u>Land Charges - Service Pressure</u> OFT/DTI report is recommending a reduction in charges for Local Land Searches to be more reflective of cost. This will be partially offset by an increase in charges for Personal Searches.	50.00
CSG07	<u>Planning Income - Service Pressure</u> Development Control income has declined in real terms since 2002/03 as government guidelines on affordable housing and building on brownfield sites have taken effect. Fees from major have therefore declined significantly and as fees are set by government the council has no flexibility to amend the fee structure. A reduction in income of £150k will still set a challenging target.	150.00
NS10	<u>Double Taxation</u> Funding of Double Taxation claims submitted by Parish Councils	50.00
NS13	<u>Non-Diversion to Landfill</u> To offset risk that landfill levels are not achieved	30.00
		1,025.00

One Off Costs

CORP 22b	<u>VER and Redundancy Provision</u> One-off allowance for additional pension and VER costs	100.00
CXG01b	<u>Local Elections 2007</u> Contingency provision £20k dependant on the number of Parish Council elections that are contested.	20.00
RES 7	<u>Health and Safety Building Works</u> To offset risks of the need for Health and Safety, DDA or other essential requirements on council accomodation.	100.00
HASS24	<u>The Retreat - Repayment of Customer Contributions</u> The status of the Retreat has changed in that it is now an Independent Hospital. This may have an impact on the customers the Council has placed in the home as they are no longer potentially registered for Residential Care. The Council is awaiting clarification from CSCI and CHI as to the actual category of the home since this is the first instance nationally of a "hospital" providing residential care services as well and a decision will be taken by the registering parties legal teams. If it is determined that The Retreat no longer provides Residential Care in a registered setting then the Council will need to repay the contributions it's customers has made backdated to the date that the Retreat became an Independent Hospital.	280.00
		500.00

1,525.00

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		Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Unavoidable Pressures - Recurring				
Ref	Brief Description			
CORP 1	Pay Increases for APT&C @ 2.50% See main report	1,694	1800	1900
CORP 2	Employers' LGPS Contributions See main report	50	50	50
CORP 3	LEA Teachers' Pensions 0.6% increase from 01.01.2007 Impact of changes to the national pension scheme.	15	0	0
CORP 4	Pay Increments Under the national pay scheme employees are entitled to an annual increment when they are not at the top of the agreed pay scale. Growth is requested for net costs after allowing for new starters at lower points in the scale.	678	700	750
CORP 5a	Job Evaluation See main report	1075	500	0
CORP 6	Price Inflation (2.3%) See main report	1330	1500	1550
CORP 7	Utility Price Inflation See main report	500	300	300
CORP 8	Environment Agency and Drainage Board increased levies The council makes two payments in this area. Firstly there is an agreement between the local Councils to pay to the Environment Agency an amount towards the costs of Flood Defence.	28	30	30
CORP 9	Additional financing for borrowing (capital programme) See main report	414	298	405
CORP 10	Revenue implications of capital programme and disposals See main report	50	100	100
CORP 11	Minimum Revenue Provision - New Borrowing See main report	331	238	324
CORP 12	Minimum Revenue Provision - Commutation adjustment See main report	99	131	95
CORP 13	Minimum Revenue Provision - Local Govt Re-org See main report	-180	0	0
CORP 14	Rent reviews on admin accom There are additional costs associated with rent reviews for the council's portfolio of administrative buildings. The costs of the final agreements will be reported to EMAP.	27	100	33
CORP 15	2009/10 Insurance contract The council's main insurance contract is due for retendering in 2009/10 and allowance is being made for potential growth in premiums charged.	0	0	200
CORP 16	Full year effect of prior year growth Residual impact of growth decisions made in 2006/07.	48	0	0
CORP 17	Full year effect of prior year savings Residual impact of saving decisions made in 2006/07.	129	0	0
CORP 18	Impact of Savings on HRA / DSG In areas where recharges are made to the HRA or DSG it may not be possible to realise all of the cash savings shown. This growth item mitigates the impacts of such shortfalls.	50	50	50
CORP 19	Contingency Provision against potential pressures. See annex 2.	600	800	800
NS 1	Landfill Tax Increased cost of landfill due to Landfill Tax costs increasing from £21 to £24 per tonne. This will increase to £27 in 2008/09 and £30 in 2009/10.	227	250	250
NS 2	LATS Permits See main report	0	229	524
NS 3	Increased Rates bill at new Depot see main report	133	0	0
NS 4	Waste Management - growth in property base			

	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Reflects the additional waste collection costs incurred through the continued growth in the number of properties in the city.	36	36	36

TOTAL

7,334	7,112	7,397
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Committed One-Off Expenditure and Use of Reserves

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CORP 5b	Job Evaluation see main report	175	0	0
LCCS 2	Contribution to 2010 Mystery Plays (yrs 2 - 4) Year two of the decision to contribute £100k spread over five years.	20	20	20
NS 6	Waste Strategy (Yrs 3 - 5) Third year of the five year project	250	250	250
RES 1	FMS Project (Yr 3 of 3) Final year of agreed funding for a three year project.	100	0	0
RES 2	Housing Benefit Venture Fund Repayment (Yrs 2 - 4) Second year of a venture fund repayment funded from additional RSG generated by benefits uptake work.	25	25	25

TOTAL

570	295	295
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TOTAL UNAVOIDABLE GROWTH

7,904	7,407	7,692
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Housing and Adult Social Services**Housing**

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
HSG 1	Howe Hill Rent Restructuring Rent restructuring is the Government's initiative to set social housing rents on a national basis, the core of which is that all rents are calculated using the formula rent as laid out in government guidance. Rent restructuring is being implemented for HRA dwellings and this growth request is to enable it to be implemented for Howe Hill to bring consistency across CYC social housing. This item is linked to Howe Hill saving.	17	44	76

Total

17	44	76
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Adult Social Services

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
HAG1	Adult Social Services - Addressing Current Service Pressures The trend towards retaining customers independence by providing services within their own home allied to the increasingly complex care needs of individuals continues to put pressure on the Departmental budget. Work is ongoing to model our services to reflect these changes in the longer term but this bid is to ease pressure presently as the upward trend for such services continues.	100	100	100
HAG2	Supporting People - Continued Reduction in Government Funding The reduction in SP govt grant means that funding will be withdrawn from a range of providers, mainly in LD and PD services. As the Council has a statutory duty to fund most of the customers the majority of the shortfall in funding must be picked up by the council. However, not all the shortfall is CYC's liability and work is ongoing to identify the estimated £197k in savings to offset the growth bid of £897k.	897	897	897

		Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
HAG3	Transitions from Children's Budget The bid is for known individuals who are transferring from Children's Services into adulthood with LD & PD needs. The anonymised cases concerning these individuals can be bought forward for inspection should that be requested.	145	145	145
HAG4	Reduction in Preserved Rights Grant The original funding allocated by the Govt has not been sufficient to meet the costs of those individuals supported by this Grant The gap in funding is widened by the continuing reduction in this grant.	120	120	120
HAG5	Meeting CSCI Standards on Staffing at EPH's Additional staffing is required in EPH's in order to maintain minimum CSCI standards. This proposal is funded from the additional income that has been generated within the homes and should be reviewed in tandem with the savings proposal re additional EPH income.	100	100	100
HAG6	Loss of NYCC Funding NYCC have withdrawn from the integrated LD service. Part of their commitment to this service was to part fund some of the LD management team which is still required in order to run the whole integrated service. Resources will also be required to manage the smooth retraction of NYCC from the service.	22	22	22
HAG7	Loss of Mental Health Grant Growth required to meet the expected shortfall in MH grant for 2007/08. The grant is used to fund a range of staff posts across the Mental Health Service. This is the minimum level of staffing required to deliver a safe service to customers.	30	30	30
HAG8	Reprovision of an EPH as EMI/Dementia unit To change the use of an existing EPH to enable the home to accommodate people with dementia and other mental health needs.	0	100	100
HAG9 One-Off	ESCR/ISIS Replacement The replacement of the existing social care system (ISIS) is a major strategic priority for HASS and one of its highest risk projects. An IT project team is in place funded until 31/3/07. The delivery of the replacement system is on course after delays. This growth bid is to continue the existing project team until the system is implemented and for one additional post to support the new elements of the system including increased use of DMS.	226	0	0

Total**1,640 1,514 1,514****Funded From Reserves****226 0 0****Children's Services - General Fund Service Pressure Proposals**

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CHG01	Children's Social Services - Current Service Pressures The additional funding required to deal with the on-going budget shortfall.	285	285	285
CHG02	Fostering Payments New statutory minimum rates for foster care allowances are being introduced from April 2007. CYC will be required to raise its own rates to at least match the new national rates. The maximum additional cost in 2007/08 is estimated at £23k.	23	23	23
CHG03	End of Children's Trust Grant All LAs are required to have a trust in place from 2006/07. As York has been a pilot authority since 2003/04 we have been receiving a £100k pilot grant. This grant ceased in 2006/07 but was covered from a grant c/f from previous years. From 2007/08 no further grant funding is available and we will be in the position of all non-pilot authorities and have to fund the trust from our own resources.	80	80	80
Total		388	388	388

		Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
<u>Leisure & Culture Services</u>				
Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
LCG01	<u>Edmund wilson Fitness Gym</u> The on-going costs of having to relocate the gym at Edmund Wilson Pool.	75	75	75
Total		75	75	75

City Strategy

		Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CSG01	<u>Local Development Framework</u> One-Off There is a statutory requirement to produce a Local Development Framework, to replace the Local Plan, and Government Office have strongly advised that the key elements of York's LDF need to be in place by the end of 2009/10, to prevent 'intervention'.	149	227	224
CSG02	<u>York Central / British Sugar Area Action Plan</u> One-Off Additional costs of undertaking an Area Action Plan to determine planning policy context within the LDF for the York Central / British Sugar brownfield sites. This will include a significant integrated transport study for the area.	75	105	65
CSG03	<u>Road Safety Initiatives</u> CoYC submitted a joint bid with North Yorkshire Police for monies made available from central government to support road safety needs in York. This bid was successful and it is proposed to use the funding to undertake speed management campaigns / child seat campaigns / mobile phone campaigns.	202	197	194
CSG04	<u>York Races Traffic Management</u> Contribution to the York Racecourse committee to fund the revised traffic management arrangements devised by the council and racecourse.	30	30	30
CSG05	<u>Building Control - Additional Resources</u> Additional resource to support high performing service. DCLG have advised LA's not to make excessive profits so the investment will reduce the budgeted surplus.	50	50	50
Total		506	609	563
Funded From Reserves		224	332	289

Chief Executives

		Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CXG01	<u>Local Elections 2007</u> One-Off Election costs in connection with the City and Parish Council elections to be held on 3rd May 2007. The budget will fund staffing costs, hire of polling stations, equipment and additional costs to deal with increase in postal voting and new legislation. An element of these costs (to be funded from reserves) will be required in 2006/07.	215	0	0
CXG02	<u>CPA Corporate Assessment</u> One-Off The Audit Commission is proposing to undertake a Corporate Assessment of the Council in January/February 2008. The audit fee for this one-off inspection is in addition to the annual audit fee. The costs include £5k for additional preparation costs.	77	0	0
CXG03	<u>Health and Safety Resources</u> Full year effect of decision taken by Executive 24/10/06 to create one fte new Health and Safety Advisor to the council to improve performance and to meet statutory requirements.	26	26	26
CXG04	<u>Unachieved saving in 2006/07 re changes to recruitment advertising</u>			

		Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	A saving of £52k proposed in 2006/07 to reduce traditional staff advertising costs by producing an in-house publication has not been achieved due to difficulties in ensuring effective delivery.	52	52	52
CXG05	Print Unit Savings - Best Value Review The target set by the Best Value review in 2004/05 has not proved to be achievable following a downturn in the Print Unit's turnover. This has been exacerbated by the reduction in the number of agenda papers being printed. This service pressure is funded by additional savings from the print unit identified in Annex 3.	27	27	27
CXG06	Marketing and Communications Saving identified in 2004/05 totalling £28k has only partly been achieved. There remains an outstanding budget pressure within the service of £15.8k.	16	16	16

Total**413 121 121****Funded From Reserves****292 0 0****Resources Directorate**

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
RSG01	Benefits Subsidy - Homeless People The Council suffers from a loss of housing benefit subsidy following the decision to reduce the numbers of homeless people being sent to Bed & Breakfast accommodation. The subsidy does not fully cover the cost of housing in private sector accommodation.	190	190	190
RSG02	Debt Recovery Additional resource to increase efficiency in recovering debts relating to Council Tax, Housing Benefit overpayments, National Non-Domestic Rates and other Sundry Debtors. The member of staff (trialled in 2006/07) will act as an intermediary between the Council and the external bailiffs and is anticipated to speed up outstanding payments to the council.	29	29	29
RSG03	Procurement The work of the procurement team over the past few years has brought significant savings to the organisation. However due to the reduced number of corporate contracts that are still to be let it is anticipated that the total savings available in the future will not be enough to reach the target set in previous budgets.	100	100	100

Total**319 319 319****Neighbourhood Services**

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
NSG01	Operating Costs of Three Additional Kerbside Vehicles The expansion of the kerbside recycling scheme to include cardboard and plastics and the extension of this scheme to include more households has required three larger vehicles to accommodate the move to kerbside collection of these additional recycling materials.	299	299	299
NSG02	Ward Committee Capital Expenditure At present funding for Ward Committees is split between capital and revenue. This split has caused administrative difficulties and, since capital cannot be spent for revenue purposes, has potentially restricted thWard Committee decision making. This proposal envisages that in future all Ward Committee funding will come from revenue (which can be spent on capital if desired) and that this will be achieved by a gradual growth in revenue budgets for 2008/09, 2009/10 and 2010/11. This growth is matched by corresponding reductions in the capital programme.	0	70	140
NSG03	Implementation of Smoke Free Legislation			

	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Application of one-off Department of Health funding to support the implementation of new legislation restricting smoking in certain premises, places and vehicles from the 1st July 2007.	78	0	0
Total	377	369	439

Children's Services - DSG Service Pressure Proposals

These services are funded by direct government grants so decisions taken on savings and growth do not impact on the overall net council budget.

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CHG04	KS3 Personalised Learning Additional funding provided within the DSG to fund personalised learning for pupils at KS3 who are either falling behind expected attainment levels or for gifted and talented pupils.	533	533	533
CHG05	Primary Personalised Learning Additional funding provided within the DSG to fund personalised learning for primary aged pupils who are either falling behind expected attainment levels or for gifted and talented pupils.	346	346	346
CHG06	14-16 Practical Learning Options Additional funding provided within the DSG to fund vocational training options for pupils at KS4..	215	215	215
CHG07	Schools Job Evaluation Contingency Schools will have to fund the on-going implications of the results of the job evaluation exercise on their staff from their core revenue funding in 2007/08. This contingency provision (a top slice from the ISB) is to fund the one-off or short term implications of pay protection for those staff whose pay may be reduced.	250	250	250
CHG08	PRU's and Skill Centre - Increased Pupil Numbers The full year implications of the growth agreed in 2006/07 to cover the costs of current and anticipated pupil number increases.	50	50	50
Total		1,394	1,394	1,394

Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
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Housing and Adult Social Services**Housing**

Ref	Brief Description			
HSS 1	Golden Triangle Partnership - reduction in contributions Reduction in contributions towards the Golden Triangle Partnership (GTP) as it has been confirmed that the Project Manager's costs (managed on behalf of the partnership by Leeds City Council) can be capitalised against the capital funding allocation for the GTP agreed from the Regional Housing Board. This is in place until 2010/11.	10	10	10
HSS 2	Identification of alternative funding for the Early Intervention and Prevention Contract To identify alternative funding for a service providing early intervention and prevention of rough sleepers. The current service provides a drop in centre, counselling and street work to encourage rough sleepers to use hostel accommodation.	35	35	35
HSS 3	Reduce Admin resource in Homelessness Reduction of 0.5 FTE admin resource within the casework team	8	8	8
HSS4	Reduce the funding available to subsidise the Private Lease Scheme Reduction in the money available to subsidise the rents for those properties the authority leases from private owners and RSLs for temporary accommodation.	13	13	13
HSS5	Off set impact of Howe Hill Rent Restructuring Reduced costs and additional unit income following modernisation. This saving is linked to growth item for Howe Hill rent restructuring	17	44	76
HSS6	De-Minimis Savings Efficiencies within Private Sector Housing	3	3	3

Total**86 113 145****Adult Social Services**

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	De minimis savings De minimis savings.	8	8	8
HAS1	Staffing Reductions in Corporate support Full year effect of the saving already taken in 2006/07. Removal of Team Leader post, reduction in hours of scale 1/2 post and cuts in equipment and other services.	18	18	18
HAS2	Bringing Customers Back into Area from Out of County Provision Full year effect of the saving already taken in 2006/07 of rehousing people with appropriate support in the local area. This affects directly the commissioning budget and would mean using local resources with additional staffing, rather than out of county placements.	65	65	65
HAS3	Develop Extra Care Services Full year effect of the saving already taken in 2006/07. Management arrangements merged within in house home care and extra care services.	35	35	35
HAS4	Combine Hew Horizons and Community Base Amalgamation of New Horizons and Community Base Day Resources to provide a 20 place service to be run from the existing Community Base facility.	28	28	28
HAS5	Raise Cap from £40 to £80 for Non Residential Charges where Customers have Savings in Excess of £21k. As part of the 2006/07 budget process members agreed that when a customer had savings in excess of £21k they would pay the full cost of their services. A cap was introduced so that no individual would pay anymore than £40 per week over and above what they had paid in the previous year. The proposal is to increase this cap to £80. 23 customers currently benefit from the £40 cap at a cost to the council of £40k per year.	23	23	23
HAS6	Deletion of Finance Post			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	Delete vacant senior accounting technician post on the Social Services team. This will reduce the support available to budget managers within the dept.	28	28	28
HAS7	IT Hardware Replacement Reduction in budget to replace IT hardware. Replacement of old equipment may have to be met from within service budgets.	6	6	6
HAS8	Head of Community Services Consultancy Reduction in flexibility to support various initiatives across the dept.	21	21	21
HAS9	Various savings across Support Services budgets Various savings across Support Services budgets including Training, IT and HR budgets	34	34	34
HAS10	Restructure Respite Service at Flaxman Ave The staffing restructure of Flaxman Avenue respite service to realign staff positions and alter rota patterns to be more cost effective	21	28	28
HAS11	Withdraw Waivers for 2 Weeks Transitional Care per Customer Currently people ready for discharge from hospital but unable to return home are offered the option of a transitional care bed up to a maximum of 6 weeks. The current policy is that the initial 2 weeks charge is waived in order to encourage people to leave acute health care.	13	13	13
HAS12	Withdraw Waivers for 2 Weeks Care per Customer on Discharge from Hospital New customers discharged from hospital who are in need of home care currently have the initial 2 weeks charge waived in order to encourage people to leave acute health care.	20	20	20
HAS13	Increased EPH Income Achievement of additional income to offset increased costs from CSCI staffing requirements. NB this income is being used to fund CSCI staffing requirements and cannot be taken in isolation of the growth bid for additional staffing.	100	100	100
HAS14	Increase Non Residential Charges by 5% Over Inflation This would result in the following increases in charges. Homecare from £14 per hour to £15 per hour. Day care from £3 per session to £3.30 per session. Transport from £1.20 per session to £1.70 per session.	39	39	39
HAS15	Increase Customer Income Currently the council's charging policy is to disregard 50% of disability related benefits in lieu of an individual assessment of Disability Related Expenditure (DRE). This is an extremely generous policy which leaves many customers with amounts in excess of their actual DRE. Individual DRE assessments would continue to be made available to those who requested them, or had very complex needs. This proposal suggests that customers are left with 35% of their disability related benefits but capped at a £15 increase. The saving would fall if a lower cap was approved.	244	244	244
HAS16	Efficiencies to meet Supporting People funding shortfall The £897k growth bid for loss of Supporting People funding is gross of £197k saving which needs to be achieved. A working group has been set up to investigate all schemes currently funded through Supporting People to determine whether efficiencies can be made.	197	197	197

Total**899****906****906****Children's Services**

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Access and Inclusion / Access Services				
CHS01	Home to School Transport The on-going impact of bus contract cost savings already being generated.	70	70	70
CHS02	Access and Inclusion Efficiency Savings Savings across all budget headings. A review of budget headings shows that efficiency savings can be made to reflect small changes in activity levels and procedures which have not previously been reflected in budget setting.	10	10	10
Children and Families				

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CHS03	Residential Children's Home Closure The full year effect of the saving already taken in 2006/07.	62	62	62
CHS04	Independent Residential Care Placement Budget A contingency created in 2006/07 from reinvesting some of the children's home closure saving for purchase of independent residential care outside of the authority. This has not needed to be accessed to date in 2006/07 but has been used to offset other budget pressures.	75	75	75
CHS05	Information Sharing Index Grant We are expecting a significant increase in this grant in 2007/08. As the authority is will advanced in its planning for the Information Sharing Index it should be possible to make a one-off reduction in base budget without detriment to delivery of the project.	20	0	0
Lifelong Learning & Culture - Adult and Community Education				
CHS06	WEA Programme Funding Cut Cut funding to WEA Helping in Schools and Mid-day Supervisors programmes. This is the full amount of funding that is given to the WEA.	3	3	3
CHS07	Future Prospects SLA Renegotiation Renegotiate SLA with Future Prospects for ACE enrolment service. Traditionally the funding for this has increased by at least the rate of inflation. The plan would be to hold the budget at this years funding level.	2	2	2
CHS08	Adult Education Centre Closure This proposal would see the number of main centres that run adult education provision reduced by one centre. Whilst at this stage it is not clear which centre this would be, it is likely to be one of the centres in the north of the city. The intention would be to generate the saving by a reorganisation of the administrative function rather than any reduction in the courses on offer. Courses currently run at the centre chosen for closure would be redistributed to the remaining centres. The full saving cannot be achieved in the first financial year as staffing levels have already been committed for the academic year to enable programmes to run. May lead to the redundancy of part time staff.	5	8	8
Lifelong Learning & Culture - Arts and Culture				
CHS09	This is made up of three components: firstly to reflect continued efficiency in the Music Instrumental Service, secondly to include an above inflation annual fee increase for Music tuition and thirdly to reflect the net increase in income from schools using devolved DfES funds to buy back music services.	35	35	35
RESOURCE MANAGEMENT				
Finance				
CHS10	Increased SLA Income From Schools Increased income from the traded service with schools delivered via the Finance Service Level Agreement. This can be achieved by a combination of an above inflation rise and the expansion of the School Business Officer and Peribursar service delivered from within the existing staffing establishment.	30	30	30
CHS11	Staff Restructure Saving Efficiency saving to be achieved from a restructure of the team. In particular a review of the support provided to Early Years and Extended Schools including the business support provided to schools themselves. Will result in the removal of one management post with some reinvestment in additional capacity and regrading. Not likely to involve a redundancy as the team is currently carrying two vacant posts.	25	25	25
Human resources				
CHS12	Retirement and Redundancy Costs Some of this budget is currently being spent on annual payments which are scheduled to stop at the end of 2006/07.	16	16	16
ICT Client Services				
CHS13	Broadband Project Management Recharge Income generated from an increase in the recharge to the Broadband Budget for Project Management Fees of the Broadband (Standards Fund funded) Project by ICT Client Services.	22	22	22
CHS14	Broadband Standards Fund Grant			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	The current broadband contract (which expires on 31 March 2008) is funded on the basis of no additional DfES grant in 2007/08. Although firm announcements of not yet been made, we now believe that an allocation will be awarded to the authority. In anticipation of this it should be possible to make a one-off reduction in base budget without detriment to delivery of the project.	50	0	0
Planning and Resources				
CHS15	Contract Monitoring Charges - Above Inflation Increase The full year effect of increasing contract monitoring charges by 10% above inflation from September 2006.	4	4	4
CHS16	PFI Residual Budget On-going saving now available from all the budgets originally identified to fund the PFI unitary charge.	15	15	15
Strategic Management				
CHS17	LEA Teachers PPA Budget Delete the remaining £28k budget that should not now be required.	28	28	28
CHS18	Dedicated Schools Grant Overhead Allocation It should be possible to increase the level of directorate overheads charged against the DSG in 2007/08. Because of uncertainty about the future financing regime for education and schools it cannot be assumed that this can be sustained beyond 2007/08.	50	0	0
CHS19	In Year Savings Delivery of savings throughout the year from the on-going examination of structures, service levels and funding opportunities.	90	90	90
STANDARD'S AND QUALITY				
Educational Development Service				
CHS20	Administration Post Deletion (0.6fte) Reduction in the administrative support to the Educational Development Service that may result in one redundancy.	12	12	12
Total		624	507	507

Leisure & Culture

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Arts and Culture				
LCS01	Arts and Culture Team Reorganisation Reorganisation of the team by removing 1 management post with some reinvestment in additional capacity and regrading. Could result in one redundancy. This is the subject of a separate report on this agenda.	25	25	25
LCS02	Arts Service Level Agreements - Budget Reduction A cut in the arts SLAs budget. The continued phased reduction in the grant to Stagecoach Youth Theatre plus a further cut to one more client - the Yorkshire Film Archive - but again phased over three years.	4	8	12
LCS03	Events Income Target Increase Increased income from community bookings on Leisure land. This may require charging for the use of our land for charitable events and support for all events that conform to the CYC Events Protocol. This could involve the full recovery of all costs related to events for community or charity groups.	3	3	3
Early Years and Extended Schools				
LCS04	YorKash Fund Reduction The YorKash Fund has been created in this financial year from the £25k Leisure and Culture budget (formerly the £50k fund and £90k and £55k from the Youth Opportunities Fund and the Youth Capital Fund respectively. A £25k reduction could be achieved without major detriment in 2007/08 but would need to be reviewed in future years depending on the level of the on-going external contributions..	25	0	0
Libraries and Heritage				
LCS05	Library Income Generation			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	To increase income generation levels across the board through a review of library pricing policy.	5	5	5
LCS06	Library Management Restructure Reorganisation of the team including removing a management post. Could result in one redundancy.	30	30	30
Parks and Open Spaces				
LCS07	Micklegate Stray Rental Income Full year effect of the rental increase due on 1 January 2007. NB The final rent increase has not been agreed as the basis for the rental increase could, but does not have to, include this years racing programme depending on which is the best option for the Council.	94	94	94
LCS08	Allotment Rental Income The 2006/07 budget agreed to increases above inflation for the three years 2006/07, 2007/08 & 2008/09.	1	2	2
LCS09	Parks and Open Space Team Reorganisation Reorganisation of the team by removing 1 management post with some reinvestment in additional capacity and regrading. Will not involve a redundancy as the team is currently carrying a vacant post. This will be subject to a future report to EMAP	15	15	15
Sport and Active Leisure				
LCS10	Swimming Pool Sunday Evening & Bank Holiday Closure Reduce the opening times of Edmund Wilson Pool and Yearsley Pool by around 70 hours p.a. at times when the pools are significantly underutilised.	2	2	2
LCS11	Sports Facilities Rent Review Facility rent review due in November 2007 - Increased income	33	79	79
LCS12	Community Sports Provision Subsidy Reduction Reduce the subsidy to community sports provision supported by the department. This is made possible by increased income generation by the projects concerned.	5	5	5
Total		242	268	272

City Strategy

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CSS01	Transport Planning Section It is proposed to undertake a restructure that will reduce the current establishment by 2 fte's. The new team to focus more on strategic Transport Planning.	46	46	46
CSS02	Bus Info Full year saving from the closure of the Bus Info office in June 2006.	15	15	15
CSS03	Maximise Commercial Opportunities Additional income anticipated from future Park & Ride contract (Autumn 2007). Anticipated additional income from marketing / advertising revenues at Park & Ride sites.	100	120	120
CSS04	Winter Maintenance - Provision of Salt Bins It is proposed to undertake a review of salt bin provision across the city following the 2006/07 winter period. The review will consider those areas where salt bins are no longer appropriate. It is anticipated that £10k savings can be achieved.	10	10	10
CSS05	Highways Structural Maintenance Anticipated savings on Surface Dressing / Structural and Basic Maintenance budgets following retendering of the service.	125	125	125
CSS06	Venture Fund Repayments It is proposed to make an additional repayment of the Venture Fund in 2006/07 following savings from the cheaper prices from the Structural Maintenance tender. This will allow for a reduction in the budget required to repay the loan.	50	50	50
CSS07	Highways Inspections			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	Restructure of the way that Highway Inspections will be carried out in future. It is anticipated that this can be achieved with the loss of one fte Highway Inspector.	25	25	25
CSS08	Highway Infrastructure Team Delete one fte (Of 4 fte's) within the Highway Infrastructure Asset Management Team. Proposal will reduce the capacity of the team to provide up to date management information in support of funding bids and condition reports.	29	29	29
CSS09	Network Management - Reduction in Highway Development Advice Deletion of one fte (vacant) Area Engineer Post. A review of the teams workload means this reduce capacity to give pre-application advice on Highway matters.	39	39	39
CSS10	Network Management - Support of Traffic Management Act Deletion of one fte (vacant) Senior Engineer Post. This vacant post has been supporting the council's implementation of the Traffic Management Act. The deletion of the post will seriously limit the amount of work on decriminalisation of moving traffic offences that can be undertaken.	29	29	29
CSS11	Network Management - Deletion of PROW Assistant Post Deletion of one fte (vacant) Public Rights of Way assistant (from a team of five). This will lead to reduced capacity in updating the definitive map as well as potential implications dealing with PROW maintenance issues.	21	21	21
CSS12	Network Management - Highway Liaison Service Deletion of one fte (vacant) Highway Liaison Office. The deletion of the post will result in a significant reduction in the amount of work that can be undertaken with developers to minimise the impact on the surrounding area.	21	21	21
CSS13	Parking - Additional Income Increased usage of CYC car parks has led to additional revenue compared to budget. This is expected to continue prior to the closure of Haymarket and the transfer of Shambles to a competitor from April 2008.	350	0	0
CSS14	Engineering Consultancy - Market Supplements As part of a Recruitment and Retention Package developed in 2001 several staff received a market supplement payment for delivering work on the LTP. Many of these staff have through time left the authority, with only 4 staff still receiving this payment. The proposal is to terminate this payment to those staff.	6	6	6
CSS15	Engineering Consultancy - Reduced Workload Following the reduced value of work being undertaken on the Highway it is proposed to reduce establishment by 0.5fte (currently vacant)	15	15	15
CSS16	Development Control - Charge for Pre-application advice Introduce a £25 charge for written pre-planning application advice. This charge is in line with a number of other authorities and represents the value of the work involved.	30	30	30
CSS17	Development Control - Reduction in levels of consultation Proposal is to reduce overhead costs of consultation by reducing the consultation area to the immediate vicinity of an application as per statutory guidance. Savings will be available from postage, photocopying, stationery etc.	17	17	17
CSS18	Development Control - Delete 0.4fte Development Control Officer Delete 0.4 fte Development Control Officer post (vacant) from the establishment. It is anticipated that following the clearing of the workload backlog this will not have a significant impact on the performance indicators for processing applications.	10	10	10
CSS19	Conservation - Reduction in Countryside Management Funding Reduce the current budget for Countryside Management from £18k to £16k. This will reduce level of support CYC can provide projects within the City.	2	2	2
CSS20	Design and Conservation Delete 0.5fte Community Planning Officer from the establishment. Proposal will further reduce capacity to facilitate Community involvement in the planning process / further work supporting Village Design statements (following deletion of 0.5fte in 2006/07).	14	14	14
CSS21	Resources & Business Management - Draughting Service			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	Delete one fte (of two fte's) in the Draughting service. Will result in reduced capacity providing information to internal and external customers.	20	20	20
CSS22	Resources & Business Management - Management Support Reduce the management support unit from 5 to 4 fte. Additional responsibilities have been taken on in relation to quality assurance as part of the new constitution. This saving will result in reduced capacity in the team.	20	20	20
Total		994	664	664

EDU

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
EDS01	Science City York Reprofile expenditure for the Science City York programme over the four year programme will allow a one-off saving of £10k.	10	0	0
EDS02	Speciality Markets Increased income from additional lettings and raising fees above the rate of inflation. Demand for such markets is currently buoyant.	5	5	5
EDS03	City Centre Events Demand for events to take place within the city centre is buoyant. Income is currently forecast to be above budget. A saving of £5k is anticipated.	5	5	5
EDS04	City Centre Permit Charges To introduce charges to cover administrative costs for permits currently issued free of charge by the City Centre team: day permits for vehicles to enter and remain within the footstreets area; 100 vehicle day permits to remain within the footstreets area, usually whilst working in the area, are currently issued free each year. A charge of £30 is proposed.	2	2	2
Total		22	12	12

Chief Executive

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CXS01	Chief Executives Restructure Savings in excess of the £150k required for 06/07 as identified in Chief Executive's restructure report to Urgency Committee on 18th August as approved by Members.	77	77	77
CXS02	Safe City Coordinator Report to Urgency Committee on 18th August 2006 recommended creation of a new Safe City Coordinator within Neighbourhood Services. This proposal was rejected by Executive 21st November 2006 therefore providing an additional saving of the Chief Executive's restructure.	35	35	35
CXS03	Regrade of Scrutiny Post Report to Executive 21st November agreed to the deletion of vacant Scrutiny Officer (SO1/2) to be replaced on the establishment by a scrutiny assistant at scale 4/5. The saving on the regrade equates to £8.7k.	9	9	9
CXS04	Democracy Support Admin Delete 0.5 fte vacant admin post within the Democracy Support group.	8	8	8
CXS05	Housekeeping Service Reduce housekeeping in the Mansion House. This is achieved by deleting a part time post presently unfilled.	4	4	4
CXS06	Messenger Service Reduction in the provision of Messenger service currently provided by 1 full time and 2 part time employees who collect / deliver mail between council buildings.	6	6	6
CXS07	Staff Survey Focus Groups Cease undertaking some focus groups to follow up staff survey and obtain qualitative data.	4	4	4
CXS08	Income from Sponsoring City Boundary Signs			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	Income generated from procuring a sponsor for city boundary signs.	20	20	20
CXS09	Maintenance of Exhibition Unit Deletion of budget to maintain Exhibition Unit for one year. There will be a minimal maintenance during the year with major requirements held-over until 2008/09	4	0	0
CXS10	Print Unit To alleviate the growth pressure it is proposed to reduce running costs by £27k. This can be achieved from reduced equipment costs £12.8k, deleting 0.6 fte assistant post (from 1fte saving £10k) and deleting the part time admin post (£4k)	27	27	27
CXS11	Trade Union Facility Reduction on corporate facility time made available to the Trade Unions. The reduction equates to a 10% reduction against a budget of £59k.	6	6	6
CXS12	Leadership and Management Training Reduction in the budget for Leadership and Management Training. £5k reduction equates to 10% of the current budget (£50k).	5	5	5
CXS13	Core Skills Training Reduction in the budget for Core skills Training. £2k reduction equates to 20% of the current budget (£10k).	2	2	2
CXS14	Stress Counselling Reduction in the budget to pay for employee stress counselling currently £22k This can be achieved by limiting the maximum number of sessions employees can use the support from 6 to 4.	8	8	8

Total Savings

	215	211	211

Resources Directorate

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Ref	Brief Description			
RSS01	IT Lease Savings Saving on 5 year leases which expire in 2007/08.	213	213	213
RSS02	Telephony Contract The current telephony contract ends in November 2007. It is possible that significant savings can be made depending on our requirement for a new contract. Savings in running costs, technology cost and call costs could be £150k in a full year and thus £50k in 2007/08.	50	150	150
RSS03	Mobile Phone Call Costs Incorporating the Council's mobile phones in the main telephony contract may give call cost savings of c£15k. The main saving is anticipated where calls are from landlines to mobiles. This saving will need to be disaggregated to Directorates.	15	15	15
RSS04	Remote Access Authentication Reduced costs due to the replacement of the current system that enables home workers and Elected Members to access City of York Council computer systems. It should be noted that the implementation of this saving will cause a delay to remote users of a few additional minutes when accessing the system.	3	8	10
RSS05	Digi TV The Council subscribes to DIGI TV at a cost of £10k per year. After a slow start the service has received 9,000 hits between March and August 06. The service is having enhancements such as GP appointments, Community Legal Services, Advice Guide and Transport Direct and the provider expect usage to double.	10	10	10
RSS06	ITT - Corporate Storage System As a result of work to move to a new information storage system, it will be possible to reduce and then cease an existing support agreement. The 07/08 saving will depend upon confirmation that a 6 month support agreement is available at the expected cost.	9	18	18
RSS07	ITT - Reduced Network Connectivity Costs			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	Reduced on going network costs resulting from the completion of the replacement telephone system project that included cancelling the now redundant telephony lines between the council's accommodation buildings.	55	55	55
RSS08	<u>ITT - Disaster Recovery</u> Current disaster recovery arrangements would replace identified Business critical ITT hardware and business systems .These services are provided until City of York Council has recovered its ITT services. Recent technology advances allows for the hosting of several systems on one server in certain circumstances. A number of such systems have been identified that reduces the externally provided disaster recovery requirements.	5	5	5
RSS09	<u>Audit Commission Fees</u> Anticipated reduction in core audit and inspection fees totalling £5k.	5	5	5
RSS10	<u>Corporate Procurement</u> Savings anticipated by rationalising corporate procurement functions within different parts of the Directorate into one central procurement support and advisory team. This proposal is likely to lead to a redundancy.	25	25	25
RSS11	<u>Housing Subsidy Administration - Repayment of Venture Fund</u> The Housing Benefit take up campaign generated enough additional Revenue Support Grant to pay for itself and to provide a budget towards the repayment of the Venture Fund loan. The Venture Fund loan was repaid during 2005/06 and thus the ongoing revenue budget of £25k is available as a saving.	25	25	25
RSS12	<u>Housing Benefit / Council Tax Benefit Subsidy Administration</u> Remove 0.5fte post at principal officer level. Other staff within the team to take over responsibility which may involve minor regrading. This proposal is likely to lead to a redundancy/early retirement.	15	15	15
RSS13	<u>Remove Council Tax Discounts for Long Term Empty Properties</u> Remove the discount of 10% that owners of long term empty properties receive (currently relates to c 650 properties). This will generate extra income of £80k. There will also be a marginal reduction in administration. It will provide more incentive to bring houses back into use more quickly however the council will lose easy access to information over levels of empty housing stock.	The £80k generated by this saving is now included in the overall council tax calculation.		
RSS14	<u>Savings from Revenues and Benefits Management and Administration</u> The opportunities and changes brought about by easy@york mean that it is necessary to revisit the structure put in place after the Best Value Review . The changing face of customer contact and Revenues and Benefits processing mean that it may be possible to streamline management costs and review administration such as scanning and indexing. This will result in a reduction in staff levels and potential redundancies.	50	50	50
RSS15	<u>Efficiencies from York Customer Contact Centre</u> It is anticipated that the York Customer Centre will achieve efficiencies and also drive out further efficiencies in the Revenues and Benefits services. This could involve a reduction in posts and other staff costs. Despite the Centre only being open for a very short time there are early indications that this will be achievable. The saving is based on a reduction of two fte posts from October 2007.	25	50	50
RSS16	<u>Systems Support</u> Analysis and rationalisation of budgets has established that some elements of the budget do not reflect expenditure. This has led to savings within consultancy and publications (£5k).	5	5	5
RSS17	<u>Local Taxation Recovery</u> Analysis and rationalisation of budgets has established that some elements of the budget do not reflect expenditure. This has led to savings within Pensions (£3k), Printing (£5k) and Postages (£5k).	13	13	13
RSS18	<u>Benefits Administration Subsidy</u> Review into the level of housing and council tax subsidy in order to maximise the level of grant that can be claimed by the authority (£50k). The government have altered the method used to calculate the amount each Council receives and this has resulted in the City of York Council receiving an additional £5k.	55	55	55

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
RSS19	Benefits Overpayments When a customer is overpaid Housing Benefit we normally try to recover that sum. Many of the people with overpayments remain on benefit and are not in a position to pay back the overpayment in a lump sum. In these cases we deduct some of their benefit entitlement to pay off their overpayments. We will increase the amount of money that we deduct from customers benefit to £8.70per week (currently £6.35). This will get the debt paid more quickly and more will be collected. It is estimated this will result in increased income of £10k.	10	10	10
RSS20	Property Services - General Budgets A thorough review of all general overhead budgets has resulted in identified available savings from car allowance, consultants, photocopying and subscriptions budgets totalling £10k	10	10	10
RSS21	Property Services - Business Unit Reorganisation of support services function within property resulting in loss of 1 fte offset by regrade of other posts within the unit commensurate with increased responsibilities. This proposal is likely to result in a redundancy.	15	30	30
RSS22	Sundry Cashflow and Administrative Savings Savings from the implementation of the visiting officer for debtors achieved through improved cash flow (£10k) and reduced bailiff costs (£4k).	14	14	14
RSS23	Financial Services - General Budgets A thorough review of all general overhead budgets has resulted in identified available savings from consultants and postages budgets totalling £10k	10	10	10
Total		637	791	793

Treasury Management

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Ref	Brief Description			
TMS01	Interest on Capital Receipts Additional interest arising in 2007/08 from capital receipts.	80	0	0
TMS02	Debt Restructure There is the opportunity to restructure some of the Council's debt portfolio where	100	50	50
Total		180	50	50

Neighbourhood Services

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
Ref	Brief Description			
	De Minimis Savings De minimis savings.	22	22	22
NSS01	Waste services - Alternate week collection all year (except two weeks over Christmas) Description: When the authority reverted back to alternate week collections on 6th March 2006, there was a noticeable reduction the in amount of residual waste being taken to landfill. It is reasonable to assume that this is a direct result of reduced grey bin capacity as the alternate week collection again started to take affect. It is proposed that by running the alternate week collection throughout the year 75 - 80 tonnes per week of landfilled waste will not be collected. With a gate fee of £16.00 and landfill tax of £24.00 the avoidance of this waste for a 13 week period will save £40,800.	41	41	41
NSS02	Increased Street Trading Fees This proposal is to establish new trading sites in the city centre	15	15	15
NSS03	Increase Energy Generation Royalties Income at Harewood Whin Landfill Site			

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
	Increases in the amount of bio gas generated at the land fill site and increased capacity to generate electricity is currently resulting in CYC receiving an increased Royalty from Yorwaste in respect of electricity sold to the open market.	20	20	20
NSS04	Savings Arising from Reduced Tonnes to Landfill Description : It is estimated that there will be a net saving resulting from a reduced number of tonnes being landfilled in 2007/08 compared to 2006/07. It is estimated that a total of 4,100 tonnes per year would be diverted with the green waste and plastic to 60,000 properties and cardboard to 20,000 plus the current performance of the Household Waste Recycling Centres (HWRC) at a landfill tax rate of £24.00	146	146	146
NSS05	CFC Equipment - Reduced Processing Cost A reduced processing cost per unit in respect of disposing CFC equipment has been negotiated giving a saving of £5.00 per unit.	30	30	30
NSS06	Savings Arising From Retendering Waste Processing It is anticipated that savings will be achieved from the letting of a new waste processing contract with effect from 1 April 2007	100	100	100
NSS07	Flourescent Tubes Description: A licence has been agreed with the Environment Agency which will allow the treatment of florescent tubes in the new EcoDepot. These are now classified as hazardous waste and it is estimated that there are as many as 60,000 tubes per year in the York area which require safe disposal. Estimated income of £60,000 with transport, treatment and disposal costs expected to be an estimated £38,000, giving a potential surplus of £22,000	22	22	22
NSS08	Renegotiation of rent and maintenance of Haxby Toilets City of York Council currently pays a rent for the Toilets at Haxby as the building is not owned by us. It is proposed that the budget of £10k could produce a saving of £5k if we were to offer to continue cleaning the toilets at a cost of £5k (currently part of the MITIE contract) but that the company who owns the building to maintain the property. We would still be therefore providing the service of public toilets in Haxby.	5	5	5
NSS09	Minor Restructure of the Food and Trading Standards Teams Vacancies within the section have presented an opportunity to realign enforcement priorities along principles set out in the Hampton Report (better use of intelligence to target higher risk and rogue trading activity and less intervention/increased advice and support for compliant businesses)	61	61	61
NSS10	Increased Pest Control Fees To increase pest control fees by 12% in respect of non rat treatments and by 10% in respect of rat treatments making the fee for non rat treatments £56.00 (incl VAT) and rat treatments £11.00 (incl. VAT).	4	4	4
NSS11	Increased Cremation Fees This proposal will increase cremation fees above level of inflation. Proposal to meet savings target is to increase the cremation fee by £41. This is equivalent to 8.3%. Made up of Inflation calculated at 2.5%= £12.40 and savings at 5.8% =£28.60	56	56	56
NSS12	Reduction in grant to Poppleton Community centre Reduction of the Poppleton Community centre grant following a decision by executive to withdraw the grant in a staged manner. This will realise a saving of £2k in 07/08 £2k in 08/09 and £2k in 09/10.	2	2	2
NSS13	Closure of Kent Street Toilets When the Barbican site closes for redevelopment the closure of the Kent Street toilets would provide a saving of £17k. There will no longer be a coach park at this site therefore there will be little need for the toilets on this site. The contractor will retain employment within their contract without any additional costs.	17	17	17
NSS14	Fleet services provided by ABRO Description: From Autumn 2006 the fleet services contract will be provided by ABRO. As per the report to the Executive Member for Commercial Services on 7th March 2006 it is expected that the first full year saving from procuring services from ABRO will be £40k.	40	40	40

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
NSS15	Commercial Waste - increase on charge above inflation Description: The budget for 2007/08 for Commercial Waste income has been set at a price increase of 2.5%. By raising the price increase to 10.5% an additional £110k could be raised.	110	110	110
NSS16	Building Services structure savings after recent review The recent review of Building Services office staff (Supervisors and Support staff) has identified a saving of £58k with a redundancy of 2 employees in the Building office.	58	29	0
NSS17	Workshop duties Changes in progress involving materials purchasing and the move to the new depot mean that a saving can be made in workshop duties. The saving will involve a redundancy.	21	21	21
NSS18	Drainage charges Increase drainage charges from the current level of £68 to £80 per hour. Each subsequent 15 mins would be charged at £20.	12	12	12
NSS19	School Cleaning service Description: Currently the school cleaning service runs at a loss due to a short fall in inflation awarded in previous years. A new partnership started with schools in April 2006 and work has been done to design a cleaning specification for individual schools. In the first six months of the partnership, NS has worked to ensure that staff levels in each school are sufficient to meet the required standard. Having achieved this, NS will now identify schools which continue to show as a loss on the trading account and approach these schools to negotiate a solution. This may be a reduction in cleaning services if the school cannot meet the full cost of the service they first agreed.	120	120	120
Total		902	873	844

Children's Services - DSG Savings Proposals

These services are funded by direct government grants so decisions taken on savings and growth do not impact on the overall net council budget.

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
ACCESS AND INCLUSION				
Special Educational Needs Service				
CHS21	Area Teacher's Traded Service Full year effect of 2006/07 saving. The Schools Forum agreed to fund this service for one year in 2006/07 from a topslice from schools ISB allocations. From 2007/08 the funding returns to schools and a traded service needs to be in place by 1 April 2007. If no traded service can be agreed there will be four redundancies.	6	6	6
CHS22	Home Tuition Reduce Provision Less provision required as numbers fall and children are taught in groups. Could result in redundancy for up to four part time teachers.	14	14	14
CHS23	Learning Support Assistants Budget Reduction A saving can be taken from this cost centre on the basis of the projected level of support required in 2007/08.	46	46	46
CHS24	School Based Area Teacher's A saving can be taken from this cost centre on the basis of the projected level of support required in 2007/08.	50	50	50
LIFELONG LEARNING & CULTURE				
Early Years and Extended Schools				
CHS25	Early Years Training Budgets Savings across a number of Early Years training areas: Mainly printing, reduced use of external trainers & venues, refreshments and increased charges for courses.	10	10	10
CHS26	Service Level Agreements Small reduction in amounts to be awarded to SLA work (following a more significant reduction in 2006/07)	2	2	2

		Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CHS27	Registration Pathways Officer Reduce from 5 day per week working to 4 day working	4	4	4
CHS28	Childrens Information Service CIS database to drop the recruitment module.	1	1	1
CHS29	Creating New Childcare Places - Grant Reduction The effort of creating new childcare places in York for the last few years has resulted in sufficient numbers. There is still a need for creating new places mainly to make sure the supply remains sufficient with the natural demographic changes of the city. The proposal is to reduce the budget from £50k to £45k.	5	5	5
CHS30	Play Grant Budget Reduction This proposal is for the play grant budget to be reduced to £129k (from £140k) per annum from 2007/08.	11	11	11
CHS31	Shared Foundation Spending less on printing for Shared Foundation as some of the publicity can be done using money from Pathfinder initiative funded by DfES.	1	1	1
CHS32	Childminder start-up A reduction in the budget for Childminder Start-up grants from £15k to £13k.	2	2	2
RESOURCE MANAGEMENT				
Planning and Resources				
CHS33	PFI Residual Budget On-going saving now available from all the budgets originally identified to fund the PFI unitary charge.	68	68	68
Residual Saving Requirement				
CHS34	Residual Saving Requirement Adjustments / additional savings to be identified once the DSG is finalised The basis of these adjustments and savings will be informed by the pupil numbers count (PLASC) which will be completed in February prior to the final DSG announcement by the DfES in May.	52	52	52
Total		272	272	272

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Housing and Adult Social Services**Housing**

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
HSS 7	To cease or restructure a service within the Housing Service. To cease or restructure a service within the Housing Service.	34	34	34
HSS 8	Reduce staff within Housing Service. Reduce staff within Housing Service.	14	14	14
Total		48	48	48

Adult Social Services

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
HAS 18	Reduction in Mental Health Contracted Services Reduction in Mental Health Contracted Services	43		
HAS 19	Withdrawal of Funding for Advocacy Service Withdrawal of Funding for Advocacy Service	22		
HAS 20	Withdraw Funding from Various Voluntary Sector Contracts Withdraw Funding from Various Voluntary Sector Contracts	90		
HAS 21	Removal of Subsidy from Supported Employment Scheme Removal of Subsidy from Supported Employment Scheme	101		
HAS 22	Raising of Eligibility Criteria Raising of Eligibility Criteria	175		
Total		431	0	0

Children's Services

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CHS34	Childrens Social Care Workforce Remove one fte Social Worker Post.	34	34	34
CHS35	Youth Centre Closure Close 1 youth centre and reduce number of teams from 5 to 4.	48	48	48
CHS36	EDS Advisor Post Remove 1 fte post.	61	61	61
CHS37	Delete 0.5 fte Contract Monitoring Officer Reduce monitoring of PFI, Catering and Cleaning contracts.	10	10	10
Total		153	153	153

Leisure & Culture

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
LCS 13	Central Library - One Day Closure This proposal would close both reference and lending libraries for one day per week.	50	50	50
LCS 14	Branch Library Closures To close a branch library. There are various options within the proposal - to close branches and redeploy staff within the service or to make those posts redundant.	30	30	30
LCS 15	Parks & Open Spaces - Other Parks Maintenance Reduction in discretionary spend on repairs, maintenance and investment in replacement parks furniture e.g. bins, benches etc.	40	40	40
Total		120	120	120

City Strategy

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CS 23	Concessionary Fare Bus Tokens Reduction in value of concessionary tokens by £4.	50	50	50
CS 24	Bus Subsidies Remove subsidies from bus services with lowest level of patronage.	50	50	50
CS 25	Parking Increase Standard Stay Car Parks / Off Street hourly charges by 10p per hour.	200	200	200
CS 26	Highway Maintenance Budgets Reduce Highway Maintenance budgets by £60k.	60	60	60
CS 27	Green Corridors Budget Reduction in budget available for tree planting on major corridors into and out of the city	2	2	2
Total		362	362	362

EDU

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
EDS 05	york-england.com Deletion of annual grant	30	30	30
EDS 06	Tourism Reduce the council's tourism budget from £176k to £146k	30	30	30
EDS 07	Future Prospects Reduce the council's contribution to the Future Prospects	30	30	30
EDS 08	City Centre Permit Charges To introduce charges to cover the administration costs for issuing buskers permits	4	4	4
Total		94	94	94

Chief Executive

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
CXS15	Human Resources Reduction in staffing within HR - 1 FTE post was considered but rejected. Impact of saving: The deletion of the Head of HR post at Chief Officer level as part of the Chief Executives restructure made a significant contribution to cost reduction and will have a large impact on capacity. Any further reductions staffing levels without a very full review of the way the HR service is provided will seriously impact on service levels to internal customers and risk breaches of statutory duties. Current Budget: £975k (excl. H&S team.)	30	30	30
CXS16	Voluntary Sector Grants 5% reduction in grants to voluntary sector organisations. Impact of saving: Will result in reduction of bnew funding available for organisations not previously supported. Existing grants can be honoured without an inflation increase. Credibility of the Council's partnership working with the voluntary sector could be prejudiced. Current budget: £245k.	12	12	12
CXS17	Safer York Partnership 5% reduction in grant to Safer York Partnership. Impact of Saving: Reduction in funding in one of the Council's priority areas. This could have an impact on delivery of the Community Safety Plan (esp. as the drug related funding stream is due to come to an end.) Current Budget: £179k.	9	9	9
CXS18	Political Assistants Reduce the number of working hours for Political Assistants by 40%. Impact of Saving: Reduction in an already basic level of service. Current Budget: Staffing Budget £55k.	22	22	22

Total**73****73****73****Resources Directorate**

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
RSS25	National Non Domestic Rates Bring forward the date that businesses are required to pay NNDR from 15th of each month to the 1st of each month. This will affect c. 400 businesses and provide a cash flow saving.	6	6	6
RSS26	Council Tax Bring forward the date that council tax payers are required to pay tax from 15th of each month to the 1st of each month. This will only affect those who currently pay by cash or cheque.	7	7	7
RSS27	Benefits - Removal of optional War Pensions Disregard CYC currently disregards income from war pensions when considering the entitlement to benefit. To include this income would reduce the benefit liability by £60k.	60	60	60
RSS28	ITT - Disaster Recovery Proposal to terminate the current disaster recovery support contract. This would result in ongoing savings however could lead to no protection in the event of a disaster that affected CYC computer network.	44	44	44

Total**117****117****117****Neighbourhood Services**

Ref	Brief Description	Net saving 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
NSS20	Reduced ward committee budget Ward committee budgets will be reduced by £62.7k	63	63	63
NSS21	Waste services - free issue of black sacks Cease the free issue of black refuse sacks to Terraced properties. The current budget for black sacks (full year) is £29520.	30	30	30
NSS22	Maintenance fee charge for larger bins requested Currently members of the public can request a larger bin to that which is currently delivered. Normally certain criteria must be fulfilled for a larger bin to be issued (eg larger family). It is proposed that where a request is received for the larger bin and the criteria is met, an additional charge be levied. (£75.00 per year.)	75	75	75

Total**167****167****167**

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Budget 2007/08
Use of Reserves

Annex 6

Ref	Brief Description	Net Cost 2007/08 £'000	Full Year 2008/09 £'000	Full Year 2009/10 £'000
LCCS 2	<u>Contribution to 2010 Mystery Plays (yrs 2 - 4)</u>	20	20	20
NS 6	<u>Waste Strategy (Yrs 3 - 5)</u>	250	250	250
RES 1	<u>FMS Project (Yr 3 of 3)</u>	100	0	0
RES 2	<u>Housing Benefit Venture Fund Repayment (Yrs 2 - 4)</u>	25	25	25
CORP 5b	<u>Job Evaluation</u> To meet one off costs of Job Evaluation arising in the first year of implementation.	175	0	0
CXG01	<u>Local Elections 2007</u> Election costs in connection with the City and Parish Council elections to be held on 3rd May 2007. The budget will fund staffing costs, hire of polling stations, equipment and additional costs to deal with increase in postal voting and new legislation. An element of these costs (to be funded from reserves) will be required in 2006/07.	215	0	0
CXG02	<u>CPA Corporate Assessment</u> The Audit Commission is proposing to undertake a Corporate Assessment of the Council in January/February 2008. The audit fee for this one-off inspection is in addition to the annual audit fee. The costs include £5k for additional preparation costs.	77	0	0
CSG01	<u>Local Development Framework</u> There is a statutory requirement to produce a Local Development Framework, to replace the Local Plan, and Government Office have strongly advised that the key elements of York's LDF need to be in place by the end of 2009/10, to prevent 'intervention'.	149	227	224
CSG02	<u>York Central / British Sugar Area Action Plan</u> Additional costs of undertaking an Area Action Plan to determine planning policy context within the LDF for the York Central / British Sugar brownfield sites. This will include a significant integrated transport study for the area.	75	105	65
HASS4	The replacement of the existing social care system (ISIS) is a major strategic priority for Community Services and one of its highest risk projects. An IT project team is in place funded until 31/3/07. The delivery of the replacement system is on course after delays. This growth bid is to continue the existing project team until the system is implemented and for one additional post to support the new elements of the system including increased use of DMS.	226	0	0
Total		1,312	627	584

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Estimated Reserve Balances

Annex 7

	2007/08 £'000	2008/09 £'000
General Fund Reserve		
Balance at 31 March 2007	3,569	3,150
Less: <u>Proposed Use of Funds</u>	(1,312)	(627)
Revised General Fund Reserve	2,257	2,523
Add: <u>Other Adjustments</u>		
Additional 2006/07 Yorwaste Dividend	480	-
Annual Yorwaste Dividend	113	113
Release of Bellwin Reserve	300	-
LPSA2 Reward Grant	-	15
Expected General Fund Reserve as at 31 March	3,150	2,651
Expected Commercial Services Reserve	330	330
Venture Fund		
Balance at 31 March 2007	1,621	2,530
Plus: Anticipated Repayments	909	1,185
Estimated Venture Fund Balance as at 31 March	2,530	3,715
Total Revenue Reserves as at 31 March	6,010	6,696
Estimated CPA Threshold	5,201	5,361
Headroom In Reserves	809	1,335

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Details of EMAP fees and charges proposals have been provided separately in the Member's Library.

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**Voluntary Sector Compact Group (VSCG)
13th December 2006**

The VSCG expressed its understanding of the limitations placed on the Council by the currently inadequate financial settlement with central government. The Chair, Colin Stroud from CVS, stated *“we raise these matters with central government whenever we get the chance and especially through our national bodies, notably the National Council for Voluntary Organisations (NCVO) and The National Association for Voluntary and Community Action (NAVCA). But if there is more that you think we might do, please discuss this with me.”*

He continued *“because of this and other constraints, most VCOs have had no significant growth in their statutory funding for many years, and struggle to cope with their ever-increasing workloads. If the work of these organisations is to continue, we trust you will work with us and other partners to secure the additional funds needed to sustain these valuable services in the community. You are well aware of our concerns about funding from the new PCT, and trust you will support our endeavours to secure an early and satisfactory resolution to this situation.”*

The VSCG were pleased that the council had introduced 3 year funding agreements which provides much needed stability for many organisations and hoped that the authority would be able to encourage other partners to do likewise. The VSCG would appreciate further dialogue on the extension of such agreements to a wider range of bodies and a model which dealt with the inflationary pressures which were faced in years two and three of agreements.

In terms of the forthcoming Local Area Agreement the VSCG were clear that they wished the council to demonstrate how funding will support the development of an effective LAA which fully engaged the voluntary sector. Specific issues related around how planning activity will:

- a. Consider how to achieve the most effective delivery of the priority services, across all sectors.
- b. Review existing arrangements for commissioning services and ensure that these processes are Compact compliant.
- c. Actively seek opportunities to bid for external funding sources to achieve partnership priorities.
- d. Consider the most effective use of LPSA2 reward money to achieve LAA outcomes.
- e. Work to identify and secure specific resources to support voluntary and community sector involvement in the on-going partnership and planning processes, including financial support for voluntary and community sector representatives on partnership boards.

The VSCG also made specific reference to the following.

- a. All members recognised the pressures which the council has faced on social care and were pleased to note that, unlike many other authorities, at this stage

**Annex 9
Consultation Responses**

no proposals had been brought forward to reduce the eligibility criteria. It was recognised that while achieving this position had taken a number of measures, concern was expressed about the potential impact of HAS15 (Increase Customer Income, £244k) on a small number of individuals. The introduction of a cap on additional costs to individuals was seen as a valuable measure in mitigating these impacts.

- b. On CHS06 the withdrawal of funding from the Workers Educational Association was considered an unfortunate development (£2k).
- c. The VSCG asked that for LCS03 (Events Income Target Increase, £3k) the proposal to make full recovery of costs from community groups be reconsidered due to its disproportionate impact on the bodies involved.
- d. The VSCG also asked members to note that on LCS04 YorKash (£25k reduction for 2007/08 only) that this funding was valued and it was important that it be maintained in future years.

**Consultation with Representatives of the Business Community
13th December 2006**

Bodies represented: the Retail Forum, the Federation of Small Businesses, the Hospitality Association and the York Archaeological Trust.

A wide ranging discussion was held concerning the short, medium and long term future of the council's budget and the city as a whole. Representatives expressed their appreciation that this meeting was being held earlier in the budget cycle and that the papers provided were more comprehensive than they had been in the past.

Concerns were expressed about the impact of council tax increases on those with low or fixed incomes. This was considered of particular concern should a council tax revaluation be undertaken in the future. Whilst it was recognised that the business rate is a nationally set tax members were asked to note inequities in the rateable values for traditional shops and out of town supermarkets which penalised those operating in urban centres.

In terms of funding it was suggested that more should be made of the low relative level of the council tax in York and concern was expressed that growth in business rate income was not reflected in funding received by the city.

The business community expressed their views that in a number of areas the council was undercharging users of its services and hence not maximising the income available to it. Representatives recognised however that this could be from a variety of sources including the setting of statutory charges by central government and local priorities. They did however believe that the council could benefit from examining those areas where fees have been set at levels below the rate which the market could absorb; low level fees which could cost nearly as much to collect as they yielded; and evaluating whether users could realistically be asked to pay for in advance for services for which they are currently invoiced. Representatives were pleased to note that the council had recognised some of these issues and was currently examining its overall approach to income collection in conjunction with the Easy@York project. As part of this process members of the income collection project team will be in further

**Annex 9
Consultation Responses**

contact with representatives to identify specific opportunities and areas of concern that they may have.

Much discussion was centred on the role of a vibrant historic centre as both a tourist destination but also an important part of the package that attracted and retained inward investment. In this light the decision to once again freeze parking charges was welcomed and the importance of a successful new park and ride contract was also noted. Some concerns were however noted. In general terms the representatives wanted to emphasise that promoting a vibrant city started the moment that someone entered the city by car, train or other means, specific issues included:

- a. That reduced investment in conservation particularly in specialist staff will have an impact on the cities historic nature. A solution must be found to maintaining these resources.
- b. Different solutions may be available for the council and stakeholders to work together to preserve and develop many aspects of the historic city. In particular the York Archaeological Trust representative suggested that a much more imaginative approach to the management of the Bar Walls was possible and that they would be very interested in exploring options with the council. It was agreed that this offer would be taken up to identify what options are available for much deeper partnership working in order to achieve a more dynamic presentation of the Bar Walls for visitors.
- c. That the city has been successful in promoting tourism as a good thing for locals but that it now needs to switch its efforts to markets such as North America and China where it has been less successful.
- d. The city centre needs high quality public spaces and public toilets.
- e. The guest markets are a valuable additional to the city's offer but need to be properly invested in (for example the provision of high quality stalls for St. Nicholas Fayre and specialist markets) if medium to long term potential is not to be sacrificed for short term profit.

The representatives also expressed a clear view that there needed to be a changing relationship between the council and the local business community and voluntary sector. Opportunities existed for closer working to address common challenges and the increased flexibility available to those outside of the public sector mean that they may be better placed to deal with specific pressures which the city will face in the future.

The Public and Other Stakeholders

The council has also invited comments from members of the public and other stakeholders, most notably parish councils. For the public a detailed analysis of the financial position for 2007/08 and direct links to all budget EMAP reports (and separate files detailing all savings and growth proposals) was provided on the council's website and promoted through the website and the local media. In the three weeks that the site was running it received 645 hits. Hard copies of the information were also placed in all libraries. For other stakeholders a more technical printed version of the briefing was provided, this was the same briefing as provided to those organisations invited to the business and voluntary consultation meetings.

Annex 9 Consultation Responses

In light of the certainty of grant funding and the restrictions placed by the DCLG on York's council tax increase the aim of this year's consultation was to gain qualitative responses about the specific issues raised. Comments received are summarised below.

- Requests were made for explicit additional investment for youth provision.
- Concerns were expressed that respark charges were being increased penalising residents while those for general car parking were fixed for the benefit of tourists. Some individuals also complained that respark should be provided free of charge.
- A request was also made that the refocusing within culture towards community arts and arts development should not be at the expense of partnership development work.
- Cost saving suggestions included:
 - Reducing the number of directors.
 - Increasing charges for guest markets in Parliament Street.
 - Removal of bus subsidies.
 - Using fixed penalty notices for anti social behaviour and littering.
- Concerns were also expressed about the scale of the council's pensions deficit.
- Further explanation and information was asked for in terms of:
 - Why the levels of council tax in York are so comparatively low?
 - Why there are such large differentials in grant between York and other councils?
 - Why don't savings on landfill tax result in reduced council tax bills?
 - Why can't the council place charge a £1 per person tourist tax on people using the Yorkshire Wheel?
- One Parish Council complained that not only were the documents provided too complex but also that the timescales for consultation were too tight for it to provide meaningful responses.

In addition as with previous years consultation was also undertaken via Talkabout Survey 28 . This resulted in 1,369 responses. To allow for trend analysis this survey asked panel members for opinions on whether the council should spend more, the same, or less on 34 different areas. The proportion supporting each element is then reported (for example on Youth Services 60% wanted the council to spend more, 33% wanted the existing level of expenditure to be maintained whilst 7% wanted it reduced). The top quartile responses for each question are shown below (it should be noted that whilst the preferred savings areas are those that had the highest level of support for funding reductions, such actions were only supported by at most one in five of the respondents).

Annex 9 Consultation Responses

Priorities for Investment	Spend the Same	Preferred Savings Areas
<ul style="list-style-type: none"> • Creating & maintaining jobs in the area (63%) • Working with other organisations to reduce crime (63%) • Recycling facilities (61%) • Youth services, such as youth clubs (60%) • Leisure activities for young people (59%) • Community care services (58%) • Care homes for elderly and disabled (58%) • Sports/leisure facilities/events/activities (56%) • Facilities for older people (50%) 	<ul style="list-style-type: none"> • Museums & galleries (76%) • Libraries (74%) • Park & Ride (69%) • Trading standards/consumer protection (68%) • Adult education (67%) • Household waste sites (67%) • Local assemblies eg ward committees/parish councils (63%) • Theatres & concert halls (62%) • Household waste collection (62%) 	<ul style="list-style-type: none"> • Arts events (21%) • Local assemblies eg ward committees/parish councils (20%) • Financial aid for evening/Sunday bus services (18%) • Sports events (17%) • Provision for cyclists (16%) • Park & Ride (15%) • Road accident reduction measures (14%) • Car parks (14%) • Communicating with residents (12%) • Consulting with residents (12%)

In comparing these results to those used for the 2006/07 budget process the following key changes can be seen:

- a. Overall there has been little change in the willingness of individuals to spend more on council services (38% in 2006 compared to 38.2% in 2005). However there has been a shift in terms of those wanting the council to spend less (7.9% in 2006, 9.7% in 2005).
- b. Within this there have been a small number of areas where there have been significant increases in the number of people wanting the council to invest more:
 - Creating and maintaining jobs 63% (47% in 2005)
 - Community care services 58% (48% in 2005)
 - Sport / leisure facilities, events and activities 56% (44% in 2005)
- c. In last year's budget report it was reported that residents viewed waste collection as an area where the council should be increasing investment. However this years survey shows a very different picture with a significant change in respect of perceptions of civic amenity sites and waste collection. In 2005 42% and 48% of respondents wanted the council to spend more in these areas (up respectively from 36% and 27% in 2004), in 2006 these figures have fallen back to 30% and 37% respectively. However only 3% now want the council to spend less on waste sites and 1% want less spent on waste collection. Alongside this 61% want more spent on recycling facilities, a slight drop from 66% a year ago (59% in 2004).

In many ways these views reflect the decisions which the council has taken in previous budget rounds and which are included in this report. For example over recent years the council has invested heavily in various aspects of waste management including the twin bin system and the new household waste and recycling centre at Hazel Court which appear to be influencing views on future investment priorities. On this basis it is probable that the impending roll out of cardboard recycling will reduce future preferences for investment.

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CS2297

Meeting of the Executive Members for 11th December 2006 Housing and Adult Social Services and Advisory Panel

Report of the Director of Housing and Adult Social Services

Housing Revenue Account Service Plan and Budgets 2007/2008

Summary

- 1 The report advises of the revenue estimates for the Housing Revenue Account (HRA) for the financial year 2007/2008. Annex 1 provides a detailed analysis of the HRA's proposed budget.

Background

- 2 Local Housing Authorities are required, by legislation, to keep a HRA. The Local Government and Housing Act 1989 stated that items of income and expenditure only relating to Council housing must be contained within the account. Thus the terms 'ring-fenced' or 'landlord' account are now referred to, as transfers between the HRA and General Fund are normally prevented.
- 3 The Act also outlined the new subsidy arrangements whereby subsidy would be allocated on a 'notional' HRA. This account is based on Government assessments of what local authorities should charge in rents and expenditure on management and maintenance etc., rather than what they actually do.
- 4 Authorities have a duty to ensure that the HRA balances, to keep the budget under review and to take all reasonable steps to avoid a deficit. In previous years any surplus on the account was used to fund the housing capital programme through a direct revenue contribution to capital.
- 5 As identified within the Business Plan, the HRA is required to make a net saving year on year. Any growth must therefore be matched by compensatory savings elsewhere within the account.

Service Planning

- 6 An update to the service plans for the period 2006-2009 is attached at Annex 2. This is provided so that members are aware of any changes we can foresee to the plans for 2007/8 and can take these into account when coming

to their views about budget decisions for next year. Members attention is particularly drawn to the sections covering the updates on the significant drivers for change and improvement and the impact on the services.

- 7 In summary, the key issues to note at this meeting are:
- a. **The Respect Standard for Housing Management** - In 2006 the DCLG issued the 'Respect Standard for Housing Management' this action is needed to ensure the council meets that standard, via its Housing Service, and associated Partnerships. A key aim of the Respect Standard is to ensure that communities perceive estates as safer places to live.
 - b. **Review service priorities and standards for repairs** - Repairs are currently categorised into three levels of urgency, with associated target timescales. The purpose of the review will be to look at end-to-end repair timescales, including reducing repeat visits. The aim of this review will be to increase the number of repairs completed within category. Increase the number of repairs completed in one visit and Increased customer satisfaction with service
 - c. **Decanting of tenants from, and the Demolition of, 100 'Discus' Bungalows** - The discus bungalows are of non-traditional construction and would be difficult and costly to bring up to the decent homes standard. In March 2006, EMAP approved demolition of the bungalows. A project manager was appointed in July 2006 and a project plan has been produced. A board including Discus residents, ward members and senior council officers are monitoring project delivery.

Rent Restructuring

- 8 Government have issued guidance on the restructuring of rents and this has been implemented with effect from 1st April 2002. A report elsewhere on the agenda asks the Executive Member to agree and refer the guideline rent increase in York of 5% to the Executive for approval. Any effects on the HRA have been included in the HRA budgets at Annex 1.

Supporting People

- 9 Supporting People (SP) is the government's initiative to change the way support services are funded. From April 2003 funding routes via government agencies and Housing Benefit were removed and a Supporting People Grant is paid to and administered by the local authority. Through the SP strategy three yearly reviews of all SP grant funded services is required.
- 10 Previously all supporting people funding, including that for council tenants currently charged to the HRA, was to be accounted for within the general fund. Authorities were given discretion to account for support services delivered to tenants either within the HRA or the general fund. These services were left within the HRA and the resulting SP income is included in the HRA.

- 11 Service reviews are continuing to be undertaken and there could be a reduction in the SP income to the HRA in future years. Estimates of the effects are included within the HRA.

Negative Subsidy

- 12 The two major sources of funding HRA expenditure have been Government subsidy and rent income. Due to the removal of the payment of rent rebates through the HRA there is now a net surplus on the 'notional HRA' as the rent income now exceeds the subsidy payable by the government for HRA expenditure on management and maintenance etc. This results in a 'negative' subsidy payable by the authority to the government of £5,354k for 2007/08. This compares to £4,902k for 2006/07.

	2006/2007 Estimate £'000	2007/2008 Estimate £'000
HRA subsidy payable (including MRA)	16,937	17,824
Notional Rent Income from Council tenants	(21,839)	(23,178)
Subsidy	(4,902)	(5,354)

Borrowing and Debt Repayment

- 13 From 1 April 2004 authorities can determine for themselves what capital investment is required and have the freedom to borrow (within prudential principles) to deliver housing services. Some supported borrowing continues and the interest charges for the elements used to fund HRA capital expenditure is paid from the HRA and refunded through subsidy. Prudential borrowing which takes place over and above the (supported) capital financing requirement is "unsupported" in that the authority must find the means of paying back interest and principal from within its own resources. There are no proposals to undertake prudential borrowing for HRA purposes in 2007/08.
- 14 Previously authorities were required to make a revenue provision to repay 2% of net HRA debt and this was funded through HRA subsidy. Authorities are no longer compelled to make this provision and any voluntary contribution will not be paid by subsidy. Guidance suggested it would be advisable to make a voluntary contribution. From 2004/05 it was considered prudent to continue to make a provision based on the previous rules of 2% of the outstanding HRA debt and that future borrowing be repaid over the life of the capital scheme eg tenants' choice would be repaid over 30 years. This shall continue in 2007/08.

Consultation

15 None

Options

16 Members of EMAP are asked for their comments or alternative suggestions on the investment and savings proposals shown in paras 21-22.

Analysis

17 The 2006/2007 latest budget at Annex 1 (a report on which can be found elsewhere on this agenda) provides an analysis of current service activity as a backdrop to discussing any changes that may be required for the 2007/2008 financial year.

18 Included in the figures below and at Annex 1 are the following:

a) Increase in average rent of 5%, increasing the average rent from £54.37 to £57.09

b) Increase in management and maintenance allowances of 5.2%, increasing the allowance per property from £1,353.25 to £1,423.92.

c) Increase in major repairs allowance of 3.4%, increasing the allowance per property from £563.88 to £583.33.

d) The negative housing subsidy of -£5,354k as detailed in paragraph 12.

e) The outcome of the review of fees and charges for 2007/08, a report on which can be found elsewhere on this agenda.

19 The base budget represents the ongoing cost of providing the existing approved level of service. Budgets include a 2.5% provision for pay. The amount used for price increases is 2.3% or actual where these are known.

20 The 2007/08 budget takes account of the following variations from the probable 2006/07 budget:

		2006/07 Estimated Outturn Q2	Variation	Variation	Variation
		£'000	£'000	£'000	%
	i) Savings				
a	Repairs and Maintenance – expenditure to be brought back in within budget (refer to second monitor report elsewhere on agenda)	4,427		-132	-2.98

		2006/07 Estimated Outturn Q2	Variation	Variation	Variation
		£'000	£'000	£'000	%
b	Energy Costs – 06/07 forecast overspend non recurring(refer to second monitor report elsewhere on agenda)	90		-46	-51.11
c	Peasholme – 06/07 forecast overspend non - recurring(refer to second monitor report elsewhere on agenda)	413		-13	-3.15
d	Temporary Accommodation – 06/07 forecast overspend non-recurring(refer to second monitor report elsewhere on agenda)	680		-43	-6.32
e	Rents income - rent increase from 1 April offset by reduced income due to sales of council homes and increased void loss from Discus Bungalows.	-22,952		-941	-4.10
f	Sheltered housing – increase in fees and charges	-419		-37	-8.83
g	Revenue contribution to capital – reduction in contribution required.	2,016		-1,104	-54.76
	Other minor variations			-30	
h	Savings proposals			-77	
				<u>-2,423</u>	
	ii) Additional Costs				
i	Contingency - general provision for pay and prices as described in paragraph 17.	18,292	+360		+1.97
j	Decoration Allowance – 06/07 underspend non-recurring (refer to second monitor report elsewhere on agenda)	82	+19		+23.17
k	General Management	4,617			
	- Increased expenditure for IT development		+25		+0.54

		2006/07 Estimated Outturn Q2	Variation	Variation	Variation
		£'000	£'000	£'000	%
	- Removal of 05/06 carry forward for partnering work		-6		-0.13
	- Asset Management – staff vacancy savings non recurring (refer to second monitor report elsewhere on agenda)		+14		+0.30
	- Removal of 05/06 carryforward for tenant DVD		-10		-0.22
	- Removal of non recurring growth for mobile working		-25		-0.54
	- Housing Operations – staff vacancy savings and other non recurring underspends (refer to second monitor report elsewhere on agenda)		<u>+71</u>		<u>+1.54</u>
			+69		+1.49
l	Sheltered Housing – staff vacancy savings non recurring (refer to second monitor report elsewhere on agenda)	651	+23		+3.53
m	Caretaking (employees) – increased cost reflecting reduction in vacancies	164	+15		+9.15
n	HRA subsidy	4,902			
	- Increase in allowances		-784		-15.99
	- Increase in guideline rent		<u>+1,236</u>		+25.21
	- Increase in negative subsidy payment		+452		+9.22
o	Voluntary debt repayment – increase in amount as repayment towards supported capital expenditure	321	+23		+7.17
p	Reduction in Supporting People income	-973	+148		+15.21
q	Defects Act – reduction in subsidy as per DCLG schedule	-31	+29		+93.55
r	Increase in actual loan interest	1,079	+53		+4.91
s	Increase in depreciation charge due to increase in major repairs allowance from government	-4,645	+138		+2.97

		2006/07 Estimated Outturn Q2	Variation	Variation	Variation
		£'000	£'000	£'000	%
t	Interest Received – reduced revenue cash interest due to reduction in year end working balance	-318	+107		+33.65
	Other minor variations		+21		
	Variations to working balance b/f	-5,139	+304		+5.92
u	Growth proposals		+44		
			<u>1,805</u>		
	Total Net Variations		-618		
	Plus estimated balance brought forward 31.3.07		-4,835		
	To give estimated working balance at 31.3.08		-5,453		

Budget Variations 2007/2008

21 The growth items are detailed as follows:

Recurring growth items

(a) Pay increments

Under the national pay scheme employees are entitled to an annual increment where they are not at the top of their agreed pay scales. The net cost after allowing for new starters at the lower point of the grade is £44k.

£44,000

Total All Growth

£44,000

22 The savings / additional income proposals are:

(a) Reduction in administrative budgets (mainly software expenditure)

This budget has previously underspent and it is now possible to reduce the budget for this expenditure.

Saving £10,000

(b) Reduction in void loss

Based on continued improvement in performance and changes resulting from the review of the voids process, to be completed in 2006/07, it is felt that further savings can be achieved.

Saving £40,000

(c) Reconfiguration of Tenants Choice Team

Relocation of Tenants Choice team to the Acomb Office to be alongside asset management group will enable the deletion of the vacant Tenants Choice Team Leader post and regrading of 2 remaining team leaders posts to reflect additional responsibility in managing the tenant's choice team.

Saving £7,600

(d) Removals

Reduction in the contingency budget for emergency accommodation for council tenants who may require temporary accommodation outside the councils usual provision.

Saving £5,000

(e) HASS corporate services

A number of savings proposals have been put forward from within corporate services on IT and HR. These services currently charge a proportion of their costs to HRA, so a proportion of any savings achieved is also attributable to HRA.

Saving £14,000

Total savings / additional income

£76,600

Corporate Priorities

23 The budget represents the opportunity to reprioritise resources towards corporate priority areas. A key example of this happening within this portfolio area is:

- The savings on administrative budgets and void loss will improve efficiency and free up more resources which can be directed towards 'improving the quality and availability of decent affordable homes in the city'

Implications

24 **Financial** - The result of all the variations outlined in paragraphs 17 -22 is an in-year surplus of £1,530k. The brought forward working balance of £4,835k from 2006/07 is to be used to make a revenue contribution to capital schemes of £912k. The remainder brought forward of £3,923k together with the in year surplus of £1,530k leaves a working balance of £5,453k on the account.

- 25 The HRA surplus is broadly in line with that forecast in the HRA business plan, a report on which can be found elsewhere on the agenda. It is therefore suggested that the HRA surplus, after using £912k as a revenue contribution, remains on the account to be reviewed once the HRA business plan is updated to reflect both the budget detailed in this report and the 06/07 outturn position. Members are reminded that the HRA surplus is needed to fund future years in line with the Business Plan approved at Housing EMAP in July 2005.
- 26 **Human Resources (HR)** – There will be a reduction in 1 FTE (post currently vacant) and re-grading of 2 FTE's to reflect additional responsibilities.
- 27 There are no Equalities, Legal, Crime and Disorder, Information Technology (IT), Property or Other implications.

Risk Management

- 28 Key reporting mechanisms to Members on budget matters will continue to be through two mid-year monitoring reports and the final Revenue Outturn report for the year. These reports will also address the progress made on investments and savings included in the budgets.
29. The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

Recommendations

- 30 The Executive Member is asked to consider the budget proposals for Housing Revenue Account for 2007/08 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 16 January 2007.
- 2007/2008 Estimate as set out in paragraphs 17 – 20 and Annex 1.
 - Growth proposals as set out in paragraph 21.
 - Savings / additional income proposals as set out in paragraph 22.
 - The brought forward surplus of £4,835k is included within next financial year to be used as outlined in paragraphs 24 -25.

Reason: to ensure a balanced 2007/08 HRA budget is submitted to the Executive.

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Report Approved **Date** 20/11/2006

Specialist Implications Officer(s) *None*

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Budget Files

Annexes

Annex 1 – Housing Revenue Account
Annex 2 – 2007/08 HRA service plan stage 1

ORIGINAL ESTIMATE 2006/07 £'000	PROJECTED OUTTURN Q2 2006/07 £'000	ACTIVITY AREA	BASE BUDGET 2007/08 £'000	GROWTH 2007/08 £'000	SAVING 2007/08 £'000	TOTAL BUDGET 2007/08 £'000
Expenditure:						
Repairs & Maintenance						
4284	4427	Jobs General	4415			4415
910	901	Projects	923			923
260	242	Estate Improvements	242			242
17	23	Publicity	18			18
101	82	Decoration Allowance	102			102
46	46	Rechargeable Repairs	47			47
<u>5618</u>	<u>5721</u>		<u>5747</u>			<u>5747</u>
General Management						
1620	1674	Recharges	1730		-14	1716
2997	2943	Housing Services	3067	37	-23	3081
<u>4617</u>	<u>4617</u>		<u>4797</u>	<u>37</u>	<u>-37</u>	<u>4797</u>
Special Services						
16	16	Central Warden	17			17
719	651	Sheltered Housing	720	4		724
44	90	Energy Costs	54			54
401	413	Single Homeless	416			416
596	680	Temporary Accommodation	658	3		661
6	1	York Independence Bungalow	6			6
359	346	Grounds Maintenance	360			360
159	164	Caretaking - Employees	184			184
17	18	- Cleaning	18			18
2	3	- Communications	3			3
38	46	Lifts	38			38
3	3	Communal Aerials	3			3
6	6	Contribution to Energy Efficiency	6			6
<u>2366</u>	<u>2437</u>		<u>2483</u>	<u>7</u>		<u>2490</u>
Rents etc.						
5	5	Rent & Rates	5			5
140	150	Insurance	154			154
2		RTB Legal Fees	1			1
<u>147</u>	<u>155</u>		<u>160</u>			<u>160</u>
66		Housing Benefits				
Provision for Bad and Doubtful Debts						
150	145	Council Housing	151			151
<u>150</u>	<u>145</u>		<u>151</u>			<u>151</u>
Housing Subsidy						
4873	4902	HRA Subsidy	5354			5354
<u>4873</u>	<u>4902</u>		<u>5354</u>			<u>5354</u>
Capital Charges						
9226	9226	Depreciation	9226			9226
321	321	Voluntary Debt Repayment	344			344
15921	16111	Interest	16111			16111
24	27	Debt Management	25			25
<u>25492</u>	<u>25685</u>		<u>25706</u>			<u>25706</u>
<u>43329</u>	<u>43662</u>	TOTAL EXPENDITURE	<u>44398</u>	<u>44</u>	<u>-37</u>	<u>44405</u>

ORIGINAL ESTIMATE	PROJECTED OUTFURN Q2	ACTIVITY AREA	BASE BUDGET	GROWTH	SAVING	TOTAL BUDGET
2006/07	2006/07		2007/08	2007/08	2007/08	2007/08
£'000	£'000		£'000	£'000	£'000	£'000
Income:						
Rents						
-22208	-22397	Council Housing	-23275		-35	-23310
-115	-120	Single Homeless	-124			-124
-531	-435	Temporary Accommodation	-500		-5	-505
<u>-22854</u>	<u>-22952</u>		<u>-23899</u>		<u>-40</u>	<u>-23939</u>
Non Dwellings Rents						
-258	-261	Council Garages	-268			-268
-231	-242	Council Shops	-241			-241
-14	-15	General Rents	-14			-14
<u>-503</u>	<u>-518</u>		<u>-523</u>			<u>-523</u>
Charges for Services and Facilities						
-156	-157	Fees & Charges - Council Housing	-160			-160
-113	-111	Cookers - Council Housing	-111			-111
-4	-1	- Temporary Accommodation	-1			-1
-19	-19	Charges - Central Warden	-19			-19
-428	-419	Fees & Charges - Sheltered Housing	-456			-456
-1	-1	- Temporary Accommodation	-2			-2
-81	-87	Leaseholder Admin Charge	-87			-87
<u>-802</u>	<u>-795</u>		<u>-836</u>			<u>-836</u>
Contribution Towards Expenditure						
-12	-12	- Central Warden				
-11	-12	- Sheltered Housing	-13			-13
-46	-46	- Single Homeless	-11			-11
-852	-973	- Rechargeable Repairs	-47			-47
-921	-1043	- Supporting People	-826			-826
			<u>-897</u>			<u>-897</u>
Housing Subsidy						
-31	-31	Defects Act	-2			-2
<u>-31</u>	<u>-31</u>		<u>-2</u>			<u>-2</u>
Transfer from General Fund						
-3	-3	Amenities Shared by the Whole Community	-3			-3
-28	-28	Warden Recharge - Temporary Accommodation	-29			-29
<u>-31</u>	<u>-31</u>		<u>-32</u>			<u>-32</u>
<u>-25142</u>	<u>-25370</u>	TOTAL INCOME	<u>-26189</u>		<u>-40</u>	<u>-26229</u>
<u>18187</u>	<u>18292</u>	NET COST OF SERVICE	<u>18209</u>	<u>44</u>	<u>-77</u>	<u>18176</u>
AMRA						
-15921	-16111	Interest Charged to HRA	-16111			-16111
1109	1079	Loan Interest	1131			1131
-4648	-4645	Non-Dwelling Depreciation	-4507			-4507
Interest Received						
-167	-318	Revenue Cash	-212			-212
-9	-9	Mortgages	-7			-7
<u>-1449</u>	<u>-1712</u>	NET OPERATING SURPLUS / DEFICIT	<u>-1497</u>	<u>44</u>	<u>-77</u>	<u>-1530</u>
503	2016	RCCO	912			912
-946	304	SURPLUS / DEFICIT IN THE YEAR	-585	44	-77	-618
-3567	-5139	(SURPLUS) / DEFICIT BROUGHT FORWARD	-4835			-4835
-946	304	(SURPLUS) / DEFICIT IN YEAR	-585	44	-77	-618
-4513	-4835	(SURPLUS) / DEFICIT CARRIED FORWARD	-5420			-5453



Executive

16th January 2007

Report of the Director of Resources

Capital Programme Budget 2007/08 to 2010/11

Purpose

1. The purpose of this report is to
 - a) set out the position for the proposed capital budget for the period 2007/08 to 2010/11;
 - b) highlight the capital bids from departments that have been through the revised Capital Resource Allocation Model (CRAM) process;
 - c) estimate the capital resources position for 2007/08 with predictions for a further three years;
 - d) provide options to allow the Council to achieve a balanced four year capital programme.

Summary

2. The current approved capital programme runs from 2006/07 until 2008/09, although there has been slippage pushing some programme expenditure in to 2009/10. At the end of this current programme it is envisaged that there will be a capital receipts surplus of £1.1m. It is proposed that the 2007/08 budget process will set a capital programme that will run over 4 years, reflecting best practice and enabling it to be brought in to line with the Council's political cycle.
3. The proposed 4 year capital programme represents a 2 year extension on the current programme and presents challenges to the Council in respect of the capital receipts required to fund this extension.
4. The Council spends approximately £2m a year on rolling programme schemes, funded directly from capital resources, if the rolling programme schemes are to continue in line with current levels, this extension to the programme will result in an underlying funding shortfall of £1.6m.
5. Proposals have been put forward to enable a balanced budget and if all of the recommendations in this report are approved, the Council will have a capital programme for 2007/08 to 2010/11 of £139.123m. The main areas of spend are:
 - a) Children's Services £26.3m, including
 - £12.5m investment in the new York High School, allowing a substantial extension and refurbishment of the existing building, increasing its

capacity to 1050 pupils aged 11-16 with state of the art classrooms, laboratories, ICT facilities, learning rooms and social spaces.

- £3.5m contribution to a £17.5m new build for Manor CE Secondary school, allowing an additional 261 pupils from the West side of the city to be taught in an up to date 900 pupil building with enhanced, modern facilities
- £2.8m of devolved formula capital to be handed directly to all York schools, with a standard primary school receiving £35k, Secondary school receiving £115k and Special Schools £45k. This will allow funding to be passed directly to Head Teachers and Governors to target directly at priority areas within the buildings.
- £3.6m on school modernisation projects at 24 schools
- £2.1m on developing a new skills centre offering vocational training for disadvantaged and vulnerable young people
- £2m on developing 8 Integrated Childrens Centres with Sure Start across the city, building on the already successful development at Westfield and the £7.5m Hob Moor and £2.5m Clifton Green integrated children's centres which opened this year.
- £0.6m on the completion of the Huntington school extension to provide specialist Performing Arts facilities, 9 new classrooms, youth club/community spaces as well as various offices and meeting rooms.
- £271,000 making improvements to accessibility in 11 schools

b) City Strategy £31m, including

- £10.8m on resurfacing and reconstructing over 30km of carriageway and 40km of footway across the city and undertaking maintenance to bridges,
- £2.75m on providing a new roundabout on the outer ring road at Moor Lane,
- £12.7m on other Integrated Transport schemes including bus priorities, new cycle tracks and safety improvements,
- £3.5m on a new Visitor Information Centre for the region in the town centre, to provide a boost to business and tourism in the city, to be entirely self funded from Government Grant and Prudential Borrowing,
- £430k on City Walls Maintenance.

c) Housing £27.1m, including

- £0.5m of the modernisation of Council Houses, including the installation of 154 communal entry security doors, 189 burglar alarms and the demolition of 183 sheds and garages,
- £8.5m on refurbishment projects including the reroofing of 596 homes, replacement heating systems for 1,947 homes, insulation at 248 homes, and projects to improve communal areas,
- £1.4m to enable older and disabled people to live independently,
- £5.7m of housing grants to improve homes across the city,

- £19.3m on Major Replaces Allowance schemes which makes improvements at 2,350 Council houses across the city, of which 1,578 are through the tenants choice scheme.
- d) Leisure and Culture £12m
- Subject to final approval £5.2m on a new 25 metre public pool with training pool integrated with the recently refurbished sports centre on the York High School site,
 - £2m contribution to the proposed state of the art competition standard pool on the University of York Heslington East campus,
 - £1.8m match funding towards the £9m scheme to develop the Yorkshire Museum, gardens and Art Gallery turning that part of the City in to the new cultural quarter and enabling the York Museums Trust to strengthen its business model further to maintain its position as a key supplier of cultural services within the region,
 - £0.8m redevelopment of the Acomb Library, transforming it in to a modern Community Learning Centre.
- e) Resources £34.7m including,
- £33.9m on the Administrative Accommodation project to make long term savings by rationalising the Council's 17 main office buildings to four, centred around the main build on the Hungate redevelopment site. The project will reprovod a new homeless hostel at the cost of £1.4m and fund the refurbishment of the three buildings that will be retained, including the Guildhall.

Background to the Current Approved Capital Programme

6. The Council is legally required to set a 3 year capital budget, however, it is proposed that the 2007/08 budget process considers a 4 year capital programme, running from 1st April 2007 until 31st March 2011. This will align the programme with the 4 year political cycle which runs from May 2007 until May 2011.
7. The 2007/08 capital budget process adopts the revised Capital Resource Allocation Model (CRAM) to aid the Executive in setting the capital programme¹.
8. The 2006/07 to 2008/09 capital programme was approved by Council on 1st March 2006. The process built in a capital receipts surplus of £1.3m (4% of the capital receipts requirement) to reflect the risks associated with realising capital receipts. Following the in year monitoring reports, the revised capital receipts surplus is projected at £1.1m. Table 1 summarises the current funding position on the capital programme, as updated by Monitor 2. Annex 1 shows the full current approved capital programme.

¹ The revised CRAM process was formally adopted by the Executive on the 12th September 2006

	Approved programme				Total £m
	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	
Gross Capital Programme	52.2	41.4	43.2	16.9	153.7
Total External Funding	36.7	31.5	25.4	13.0	106.6
Funding Financed from Capital Receipts	15.5	9.9	17.8	4.0	47.1
Expected Capital Receipts	28.2	11.4	14.4	2.5	56.5
Receipts b/fwd (surplus)/deficit	8.2	-4.5	-6.0	-2.6	
Receipts c/fwd (surplus)/deficit	-4.5	-6.0	-2.6	-1.1	

Table 1 – Current Capital Programme Funding Position

9. In recent years it has become increasingly difficult to secure capital receipts without the rationalisation and integration of assets, because the majority of large, easy sales have now been made. The Council's capital strategy reflects this position.

Base Position

10. The current capital programme contains a number of rolling programme schemes that represent recurring capital investment in the Council's asset base. In order to arrive at a base position for capital funding requirements it is assumed that these schemes are rolled over until 2010/11 at current projected levels. The extension of these rolling programmes will add a further £2.7m (£1.5m in 2009/10 and £1.2m in 2010/11) to the capital programme, this is summarised in Table 2. This would result in the current £1.1m receipts surplus turning in to a £1.6m deficit before any CRAM bids are considered as part of the 2007/08 process.

	Approved		Projected		Total £000
	2007/08	2008/09	2009/10	2010/11	
	£000	£000	£000	£000	
Highway Resurfacing & Reconstruction ²	1,250	1,000	750	500	3,500
City Walls – Repairs & Renewals	67	67	67	67	268
City Walls – Health & Safety	20	20	20	20	80
City Walls – Robin Hood Tower	85	0	0	0	85
Ward Committees - Improvement Schemes	202	202	202	202	808
Preserving Property Assets	250	250	250	250	1,000
Joint Equipment Store	105	105	105	105	420
Disabled Support Grant	100	100	100	100	400
Total	2,079	1,744	1,494	1,244	6,561

Table 2 Rolling Programme Schemes

Consultation

11. The CRAM process invited bids from the departments asking them to put forward their main capital priorities as identified by their asset management plans. A total of 55 bids were received. Of these bids 36 are fully funded from external sources (Annex 2), 11 are rolling programme bids (Annex 3), with the remaining 8 bids

² Assumes a £250k p.a. revenue growth from 2007/08 as per the Medium Term Financial Forecast (MTFF)

seeking discretionary resources (Annex 4). If all bids were accepted an additional £9.7m of capital funding would be required. This is summarised in Table 3.

Description	Annex	Gross Funding £m	External Funding £m	CYC Funding £m
Schemes already started	1	60.2	42.0	18.2
Fully funded schemes from external resources	2	53.4	53.4	0.0
Rolling Programmes	3	10.6	0.0	10.6
Bids for Discretionary Funding	4	32.5	19.2	13.4
Total Programme		156.7	114.6	42.1
Existing Funding in Budget		82.6	51.3	31.3
Capital Receipts Surplus				1.1
Additional Funding Required		74.1	63.3	9.7

Table 3 Summary of Capital Bids and Funding Gap

Summary of Bids

12. The base position of the capital programme was highlighted in paragraph 10 where the existing capital programme bids, which end in 2008/09 in the current programme, have been continued until 2010/11. As a result of this, the base funding position in the capital programme is £1.6m in deficit. If approved the additional bids, both on the rolling programme schemes and other discretionary schemes, would increase this deficit by a further £8.1m, to £9.7m. Annex 5 illustrates the changes to the rolling programme schemes from the base position.

Capital Receipts Position

13. CAPMOG and officers from Property Services have reviewed the assets that are surplus to requirements and these are attached at Confidential Annex 6. The current capital receipts target is the largest faced by the Council, both in terms of number of sales and value of sales. The existing receipts schedule has identified 48 asset sales which are anticipated to raise over £55.8m over the next 4 years. From these sales only 13 are for more than £1m which raise in total £44.6m (80% of the receipts target). To maintain a viable capital programme it is essential that appropriate resources are deployed to maximise the yield from these disposals.

Additional Council Funding for 2007/08 to 2010/11

14. A recent review of surplus assets has been conducted by Property Services. Their professional advice is that at this stage they are unable to identify and deliver any additional large receipts with any certainty over the next 4 years. A few minor additional sales have been identified, but are only estimated to contribute an additional £200k. Work will continue through the asset management planning process to identify surplus assets that can be delivered over this period, but given the potential difficulties identified at paragraph 13 the Head of Property Services is currently unable to provide assurance that any additional sales can definitely be delivered within the four year timescale of the proposed capital programme. It is expected that a number of minor miscellaneous sales of around £50k per annum will be realised throughout the year, if these were to continue an extra £200k could

be achieved in addition to the £200k above. The complete capital receipts register, including the proposed sales is highlighted in Confidential Annex 5.

15. In addition to capital receipts, the Department of Communities and Local Government (DCLG) continue to operate the single capital pot (SCP), whereby a small level of general capital funding is granted to the Council by Government and can be prioritised accordingly. The size of the SCP has been greatly reduced in recent years but there continues to be around £100k per annum. allocated for general use within the Council. The level of the SCP for 2008/09 onwards will be determined by the Governments Comprehensive Spending Review due to be published in June 2007. It is anticipated that the level of SCP funding will remain at current levels with the government continuing to commit to capital investment. Therefore an additional £400k will also be available to the programme over the next 4 years.
16. The Revenue Budget report and Medium Term Financial Forecast assumes an annual revenue investment increase in the Ward Committee budgets of £70k per annum from 2008/09. This revenue funding will replace the capital funding allocated to ward committees thereby improving the accountability and flexibility of choice for ward committees, which to date have been restricted in what they can do by capital accounting regulations. By phasing out the ward committee capital budgets the capital programme will benefit by £420k over the proposed programme. The overall level of resources available to ward committees will not change.
17. The additional funding highlighted above totals £1.2m, reducing the £1.6m underlying deficit to £400k.

Capital Budget Proposals

18. The Council has had considerable successful over the past few years in attracting significant external investment into the city. Fully funded schemes put forward as part of this years process amount to over £53m and it is intended that all these schemes are included within the 2007/08 to 2010/11 capital programme.
19. The rolling programme schemes are important for the Council to ensure that continued investment is made in the infrastructure of the city and approval is sought to maintain investment in these schemes at current assumed levels over the 4 years of the new programme, as illustrated in Table 2. This investment will cost the Council an additional £2.7m over the next 4 years.
20. Discretionary schemes are highlighted in Annex 4. These include resubmitted schemes, already in the current approved programme, such as the York Pools Programme and York Museums Trust Lottery Bid. These two schemes are a priority for the Council and approval is sought for them to continue in their current form with the funding that has already been allocated to them.
21. It is not intended to award any funding for the other discretionary bids highlighted in Annex 4 due to the funding restrictions that the Council is facing. Should any

additional resources become available in the future these bids could be reconsidered and included within future programmes.

Proposals to close the funding gap

Proposal 1 – Reduce Property Investment Budget by £50k per annum

22. The rolling programme scheme to preserve property assets is currently costing £250k per annum. It is proposed that there is a phased £50k a year reduction from 2008/09 prior to the move to the new administrative accommodation. This reduction will be reviewed in light of the benefits from the new accommodation arrangements and the reductions in the repairs backlog gained from disposing of some of the Council's office accommodation. This proposal would reduce the deficit by £150k.

Proposal 2 – Borrow to fund the shortfall

23. If proposal 1 is accepted the funding shortfall would reduce to £0.25m over the 4 year programme and it is proposed to utilise prudential borrowing in 2010/11 to fund this residual gap. The full year cost of borrowing £0.25m is £22k per annum. The level of borrowing required may fluctuate depending on the level of receipts received and the level of capital expenditure actually incurred. It is proposed that any additional surplus receipts identified over the period would be earmarked to reduce the level of prudential borrowing.

Analysis and Summary of Proposals

24. The options outlined above allow the underlying deficit of £1.6m to be funded. The revenue implications of the proposals are £70k per annum in 2008/09 and 2009/10 and £90k in 2010/11. This is summarised in Table 4.

Para Ref	Description	Capital Resources £000	Annual Revenue Growth			
			2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
10	Base funding gap	-1,600				
14	Additional Capital Receipts	400				
15	Supported Borrowing	400				
16	Transfer Ward Committee Exp to Revenue	400		70	70	70
22	Reduce Property Investment Budget	150				
23	Prudential Borrowing	250				20
	Funding Gap	0	0	70	70	90

Table 4 Summary of Proposals to Address Funding Shortfall

25. If all the proposals made in this report are approved the gross capital programme is illustrated in table 5. Annex 7 illustrates the scheme by scheme breakdown

Gross Expenditure by Department	2007/08	2008/09	2009/10	2010/11	Total Capital Programme

	£000	£000	£000	£000	£000
Children's Services	16,485	9,550	250	0	26,285
City Strategy (P&T)	8,931	6,852	5,969	5,522	27,274
City Strategy (Econ Dev't)	150	3,500	0	0	3,650
Housing	9,089	8,705	8,887	9,303	35,984
Leisure & Heritage	4,477	5,774	1,763	0	12,014
Neighbourhood Services	405	202	0	0	607
Resources	4,007	13,226	15,099	2,353	34,685
Social Services	205	205	205	205	820
Total by Department	43,749	48,014	32,173	17,383	141,319

Table 5 Proposed capital programme 2007/08 – 2010/11

Future Events

26. The Council has been selected as one of 25 Pathfinder authorities to be invited to build a new secondary school under the Building Schools for the Future (BSF) programme. Joseph Rowntree school has been nominated as York's pathfinder and a detailed proposal has been submitted to the DfES.
27. The funding which will be provided for the new school will be in accordance with a cost model supplied by the DfES based on pupil numbers and SEN provision, and will be in the form of capital grant. There are no indications at present of the exact level of funding, but it is expected to be in the region of £20m. In line with accounting best practice it is proposed that the scheme is not included in the capital programme until the amount of funding available is known for certain.
28. This represents significant additional funding for the Council and would increase the number of secondary schools to be replaced over the next 4 years to 3. This is in addition to significant extensions and refurbishments to Fulford and Huntington Secondary Schools over the past few years.

Robustness of the Budget

29. The Local Government Act 2003 places responsibilities upon the Council's Chief Finance Officer to advise the Council on the robustness of the budget proposals. I consider that the estimates in the capital budget are sound and that the proposals to produce a balanced capital programme are achievable. The overall package is a realistic approach in dealing with the financial pressures facing the capital programme next year. The programme is fully funded and relies on unsupported borrowing of only £250k to arrive at a balanced budget, or 0.18% of the gross budget. Over the next four years there are potential financial problems and the situation will be monitored throughout next year so remedial action can be taken where necessary.
30. It should be noted that in agreeing the capital expenditure proposals the Council is committing itself to dispose of all the assets listed in Annex 5 to fund the expenditure plans. The Council will need to closely monitor the position on capital receipts to ensure they meet the expectations in terms of size of receipt and timing. This is essential to ensure the successful delivery of the expenditure plans within this report. In addition members and officers should note that there is no scope for additional capital expenditure above that included in the four year programme.

New schemes will only be considered if it is fully funded by external resources or a scheme with the current programme is removed to release resources.

31. The Council remains reliant on a small number of high value capital receipts. The majority of these are expected by the end of the 2006/07 financial year, however, the public enquiry decision on the development at Osbaldwick is not due until 12th April 2007. If planning permission is not granted, the Council will be required to review its capital programme as the Osbaldwick receipt forms an important element of the capital funding assumptions.
32. The council faces real challenges if it is to continue to deliver the proposed capital programme. The growth in the size of the capital programme has increased from just over £15m in 1997/98 to over £52m in 2006/07. The approved programme shows a reduction from this peak based in current known funding. However these figures do not include expenditure such as Joseph Rowntree or funding expected to be announced as part of the Comprehensive spending review 2007 when the government is expected to announce funding for 2008-2011. It is therefore expected that the programme will remain at or around the 2006/07 levels for the foreseeable future. The Council faces pressure on its capital resources and has put in place controls, such as the Capital Strategy, the Capital Resource Allocation Model and is proactively transferring capital rolling programmes in to revenue, to deliver a very challenging capital programme. The increase in capital expenditure over the last 10 years is illustrated in Figure 1 along with the known funding for 2007/08 to 2010/11.

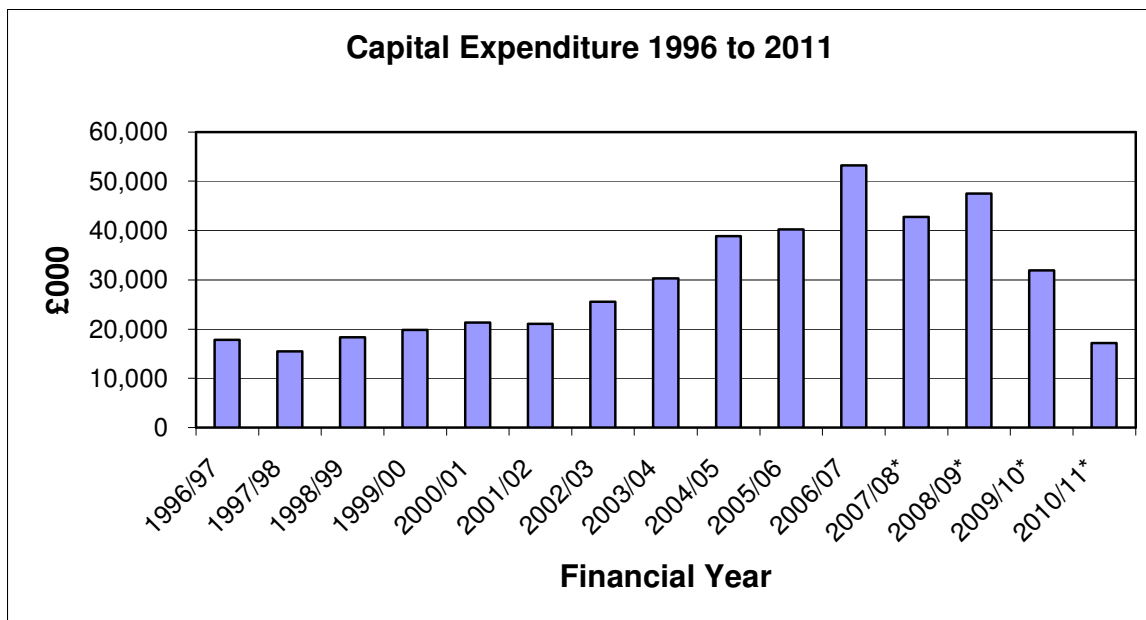


Figure 1 – Capital Expenditure 1996 to 2011
*capital expenditure based on current known funding

Corporate Priorities

33. The CRAM process ensures that all bids received for capital funding addresses at least one of the Council's 13 priorities. The capital schemes are derived from the

service and area asset management plans which look at the capital needs and requirements of the service. The annexes indicate which priorities the schemes meet.

34. Implications

- **Financial** - Included within the body of the report
- **Human Resources (HR)** - None
- **Equalities** - None
- **Legal** – The Council is legally required to set a balanced 3 year capital programme
- **Crime and Disorder** – None
- **Information Technology (IT)** - None
- **Property** – Included within the body of the report
- **Other** - None

Risk Management

35. The Director of Resources has highlighted the challenge presented by the proposed capital programme, which includes significant Council driven schemes, such as the new Administrative Accommodation. There is a significant reliance on a small number of high value capital receipts, without which the programme could not be delivered. In addition the recent increase in the size of the programme has meant the Council has to ensure that the key skills are in place to allow the programme to be successfully delivered.
36. To mitigate the risks 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. The development of the revised CRAM process and capital strategy has put in place gate keeping controls to ensure that only projects that can be delivered are put forward for approval by the Council.

Recommendations

37. The Executive is recommended to approve the four year capital programme proposals as summarised in this report, in particular:
- a) The inclusion in the capital programme of all existing approved schemes as detailed in Annex 1 and paragraph 8
 - b) The inclusion in the capital programme of all fully funded schemes as detailed in Annex 3 and discussed in paragraph 18;
 - c) The continuation of the York Pools Scheme and Museums Lottery Scheme as detailed in paragraph 20
 - d) The extension of existing rolling programme schemes as illustrated in table 2, except for the
 - Ward Committees Scheme, which will be reduced by £70k per annum from 2008/09 as outlined in paragraph 16
 - Property Investment Scheme which will be reduced by £50k p.a. from 2008/09 as outlined in paragraph 23
 - e) Agree the use of £250k of prudential borrowing in 2010/11 as per paragraph 23.
 - f) Agree the asset sales shown in confidential Annex 6;

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Report Approved Y **Date** 18/09/06

Simon Wiles
 Director of Resources

Report Approved Y **Date**

Specialist Implications Officer(s)

N/a

Wards Affected: All Y

For further information please contact the author of the report

Background Papers:

2006/07 – 2008/09 Capital Monitoring Reports
 Department EMAP Capital Budget Reports
 2007/08 CRAM Bids

Annexes

Annex 1 – Current Approved Capital Programme 2006/07 to 2009/10
 Annex 2 – Externally Funded CRAM Bids 2007/08
 Annex 3 – Rolling Programme CRAM Bids
 Annex 4 – Discretionary CRAM Bids
 Annex 5 – Rolling Programme Scheme changes from the base position
 Confidential Annex 6 – Capital Receipts Forecast 2006/07 – 2010/11
 Annex 7 – Proposed Capital Programme 2007/08 –2010/11

Capital Budget - 2006/07 to 2009/10

Gross Expenditure by Department

	2006/07 Revised Budget £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	ANNEX A Gross Capital Programme To be Funded £000	
Children's Services	69,330	12,878	16,485	9,550	250	39,163
City Strategy (P&T)	33,585	19,564	7,643	6,042	0	33,249
City Strategy (Econ Devt)	513	361	150	0	0	511
Housing	36,445	10,041	8,267	8,180	0	26,488
Leisure & Heritage	16,073	1,001	4,477	5,774	1,763	13,015
Neighbourhood Services	2,490	699	202	202	0	1,103
Resources	37,108	4,335	4,007	13,226	14,899	36,467
Easy@York	3,613	2,607	0	0	0	2,607
Social Services	1,824	671	205	205	0	1,081
Total by Department	200,981	52,157	41,436	43,179	16,912	153,684

Total External Funds by Department

Children's Services	60,898	11,790	16,225	4,050	250	32,315
City Strategy (P&T)	21,338	10,162	6,221	4,955	0	21,338
City Strategy (Econ Devt)	0	0	0	0	0	0
Housing	35,644	9,967	8,219	8,180	0	26,366
Leisure & Heritage	4,398	642	825	1,424	0	2,891
Neighbourhood Services	1,022	194	0	0	0	194
Resources	21,273	1,145	0	6,777	12,710	20,632
Easy@York	3,613	2,607	0	0	0	2,607
Social Services	421	205	0	0	0	205
Total External Funds by Department	148,607	36,712	31,490	25,386	12,960	106,548

Total CYC Funding required by Department

Children's Services	8,432	1,088	260	5,500	0	6,848
City Strategy (P&T)	12,247	9,402	1,422	1,087	0	11,911
City Strategy (Econ Devt)	513	361	150	0	0	511
Housing	801	74	48	0	0	122
Leisure & Heritage	11,675	359	3,652	4,350	1,763	10,124
Neighbourhood Services	1,468	505	202	202	0	909

Capital Budget - 2006/07 to 2009/10

Resources

[Easy@York](#)

Social Services

Total CYC Funding required

Total Gross Capital Programme £000	2006/07 Revised Budget £000	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	Gross Capital Programme To be Funded £000
15,835	3,190	4,007	6,449	2,189	15,835
0	0	0	0	0	0
1,403	466	205	205	0	876
52,374	15,445	9,946	17,793	3,952	47,136

FULLY FUNDED SCHEMES

Ref No	Dept Ref No	Description	Category	Directorate		COMMENTS	GROSS COSTS					CYC CAPITAL RECEIPTS FUNDING				
							Capital Total	07/08	08/09	09/10	10/11	CYC Funding Total	07/08	08/09	09/10	10/11
							£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
7	PT 6	Local Transport Plan	3	City Strategy	Planning and Transport	The Second Local Transport Plan (LTP) is the council's five year strategic transport plan which runs from 2006/07 to 2010/11. The funding presented within this Bid is indicative and subject to confirmation in December 2006. The LTP is a statutory plan and the implementation is currently funded through borrowing approvals in the "single capital pot". Implementation of the plan includes expenditure on local safety and traffic management measures, pedestrian and cycle improvements, highway and bridge maintenance, new public transport infrastructure and other transport schemes as appropriate. Details of the schemes to be undertaken within each year are approved by the Executive member following submission to City Strategy EMAP in March/April. A nominal allocation for schemes funded from s106 developer contributions also included within the submission.	22,641	6,638	6,021	5,089	4,893	0	0	0	0	0
58	-	Road Safety	3	City Strategy	Planning and Transport		174	45	44	43	42	0	0	0	0	0
9	-	Asst to Older and Disabled People	3	Hsg and adult social services	HRA	To provide adaptations to meet the needs of disabled tenants living in council homes in order they can live as independently as possible.	1,096	271	273	275	277	0	0	0	0	0
11	-	Asbestos	3	Hsg and adult social services	Housing	The major removal of asbestos from council stock over a 4 year period in various locations across the City.	148	35	36	37	39	0	0	0	0	0
12	-	Installation & Replacement of Heating	3	Hsg and adult social services	Housing	The installation of or replacement of heating systems and appliances to 2700 dwellings over a 4 year period. Dwellings to benefit each year being 2007/08 675 units, 2008/09 675 units, 2009/10 675 units and 2010/11 675 units.	6,243	1,481	1,533	1,587	1,642	0	0	0	0	0
13	-	Insulation	3	Hsg and adult social services	Housing	The installation of insulation to 248 homes to achieve thermal comfort levels as described within the ODPM's Decent Homes Standard. Dwellings to benefit each year being 2007/08 62 units, 2008/09 62 units, 2009/10 62 units and 2010/11 62 units.	112	27	27	28	28	0	0	0	0	0
14	-	Miscellaneous Kitchens	3	Hsg and adult social services	Housing	Renewal of miscellaneous kitchens that do not form part of a current Tenants Choice Programme. Dwellings to benefit each year being 2007/08 5 units, 2008/09 5 units, 2009/10 5 units and 2010/11 5 units.	67	16	17	17	18	0	0	0	0	0
15	-	YP Non-Trads Refurbishment Feasibility	3	Hsg and adult social services	Housing	The professional feasibility exercise to investigate the most suitable method of investment in refurbishment of a number of Non-Traditionally built dwellings	15	15	0	0	0	0	0	0	0	0
16	-	Roofing	3	Hsg and adult social services	Housing	The renewal of roof coverings and chimneys to 596 dwellings over a 4 year period. Dwellings to benefit each year being 2007/08 149 units, 2008/09 149 units, 2009/10 149 units and 2010/11 149 units.	2,198	522	540	559	578	0	0	0	0	0
17	-	Stairlifts	3	Hsg and adult social services	Housing	Renewal of stairlifts previously installed under grant funding. 2007/08 5 units, 2008/09 6 units	59	29	30	0	0	0	0	0	0	0
18	-	Structural Works	3	Hsg and adult social services	Housing	Major structural works to dwellings required to prolong their lifespan or halt their dramatic deterioration over a 4 year period. Dwellings to benefit each year being 2007/08 10 units, 2008/09 11 units, 2009/10 11 units and 2010/11 11 units.	275	65	68	70	72	0	0	0	0	0
19	-	Tenants Choice - Acomb	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 57 dwellings in Acomb over a 2 year period. Dwellings to benefit in each year being 2009/10 5 units and 2010/11 52 units.	739	0	0	59	680	0	0	0	0	0
20	-	Tenants Choice - Askham Richard	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 2 dwellings in Askham Richard in 2008/09	25	0	25	0	0	0	0	0	0	0
21	-	Tenants Choice - Backfill	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 500 dwellings through the backfill scheme over a 4 year period in various locations across the City. Dwellings to benefit each year being 2007/08 125 units, 2008/09 125 units and 2009/10 125 units and 2010/11 125 units.	4,800	1,139	1,179	1,220	1,263	0	0	0	0	0
22	-	Capitalised Salaries	3	Hsg and adult social services	Housing	Capitalised salaries and expenditure required to deliver the Tenants Choice Modernisation Programme over a 4 year period.	1,312	315	324	332	341	0	0	0	0	0
23	-	Tenants Choice - City	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 26 dwellings within the City Centre area in 2010/11.	353	0	0	353	0	0	0	0	0	0
24	-	Tenants Choice - Clementhorpe	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 43 dwellings within the clementhorpe area in 2009/10.	461	0	0	461	0	0	0	0	0	0
25	-	Tenants Choice - Clifton	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 82 dwellings in the Clifton area over a 4 year period. Dwellings to benefit each year being 2007/08 8 units, 2008/09 15 units and 2010/11 59 units.	997	98	174	0	725	0	0	0	0	0
26	-	Tenants Choice - Holgate	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 22 dwellings within the Holgate area in 2009/10.	252	0	0	252	0	0	0	0	0	0
27	-	Tenants Choice - Horsman Avenue	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 21 dwellings in Horsman Avenue in 2008/09	237	0	237	0	0	0	0	0	0	0

28	-	Tenants Choice - Lowfields	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 135 dwellings within the Lowfields area in 2010/11.	1,226	0	0	0	1,226	0	0	0	0
29	-	Tenants Choice - Miscellaneous	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 51 dwellings of various miscellaneous locations across the City in 2009/10.	527	0	0	527	0	0	0	0	0
30	-	Tenants Choice - Nether Poppleton	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 20 dwellings in Nether Poppleton within 2007/08.	175	175	0	0	0	0	0	0	0
31	-	Tenanats Choice - Tang Hall	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 566 dwellings in the Tang Hall area over a 3 year period. Dwellings to benefit each year being 2007/08 237 units, 2008/09 222 units and 2009/10 107 units.	5,845	2,244	2,416	1,185	0	0	0	0	0
32	-	Tenants Choice - Villages	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 30 dwellings	319	0	0	319	0	0	0	0	0
33	-	Tenanats Choice - Walmgate	3	Hsg and adult social services	Housing	The Tenants Choice modernisation of 21 dwellings in the Walmgate area within 2007/08	190	190	0	0	0	0	0	0	0
34	-	YP Burglar Alarms	3	Hsg and adult social services	Housing	To contribute to York Pride the installation of burglar alarms to 189 dwellings over a 4 year period. Dwellings to benefit each year being 2007/08 43 units, 2008/09 43 units, 2009/10 50 units and 2010/11 53 units.	74	16	18	19	21	0	0	0	0
35	-	YP Communal Access Flooring	3	Hsg and adult social services	Housing	To contribute to York Pride the installation of hardwearing vinyl communal access flooring to communal areas of blocks of Council owned flats over a 4 year period. Dwellings to benefit each year being 2007/08 250 units, 2008/09 134 units, 2009/10 191 units and 2010/11 250 units.	390	100	98	80	111	0	0	0	0
36	-	YP Communal Entrance Security	3	Hsg and adult social services	Housing	To contribute to York Pride the upgrade or protection of communal entrances to blocks of flats using high specification security doors and door entry systems. Entrances to benefit each year being 2007/08 37 units, 2008/09 35 units, 2009/10 53 units and 2010/11 29 units.	125	38	25	33	29	0	0	0	0
37	-	YP External Communal Areas	3	Hsg and adult social services	Housing	To contribute to York Pride the major refurbishment of external communal areas surrounding blocks of Council flats, such as communal paths, walling, fencing and drying areas over a 4 year period.	167	40	46	38	43	0	0	0	0
38	-	YP Improved Internal Communal Security Lighting	3	Hsg and adult social services	Housing	To contribute to York Pride the major upgrade/replacement of internal and security lighting to communal areas of blocks of Council owned flats over a 4 year period. Dwellings to benefit each year being 2007/08 250 units, 2008/09 134 units, 2009/10 194 units and 2010/11 250 units.	295	70	83	64	78	0	0	0	0
39	-	YP Re-rendering	3	Hsg and adult social services	Housing	To contribute to York Pride the renewal of external render to 9 blocks of flats in the Acomb area over a 2 year period. Dwellings to benefit each year being 2009/10 50 units and 2010/11 60 units.	480	0	0	214	266	0	0	0	0
40	-	YP Scooter Stores at Sheltered Schemes	3	Hsg and adult social services	Housing	To contribute to York Pride the introduction of elderly mobility scooter recharge and storage stores at 3 sheltered schemes	74	74	0	0	0	0	0	0	0
41	-	YP Sheds and Garages	3	Hsg and adult social services	Housing	To contribute to York Pride the major refurbishment of a combination of 183 sheds & Garages over a 4 year period. Units to benefit each year being 2007/08 42 units, 2008/09 30 units, 2009/10 55 units and 2010/11 56 units.	106	23	23	27	33	0	0	0	0
49	-	Waste Performance Efficiency Grant	3	Neighbourhood services		The Waste Performance and Efficiency Grant is a three year targeted grant, and 2007/08 is year 3 of 3. The grant was awarded to local authorities to help work toward meeting demanding statutory targets for recycling and composting, and respond to increasing costs of landfill, in preparation for the first target year of the Landfill Directive in 2009/10. In 2006/07 the capital grant has supported purchase of replacement grey wheelie bins and containers for kerbside collection in the sum of £100k. In 2006/07 a revenue saving was made in respect of purchase of waste containers through RCCO. 2007/08 is the final year of 3 relating to this grant and at this point it is not certain how it will be treated in the 3 year financial strategy.	203	203	0	0	0	0	0	0	0
55	-	Extended Schools and Childcare	3	Childrens Services		New funding for extended schools and childcare from Sure Start. This was reported to Children's Services EMAP on Monitor 1 and the CRAM bid is to ensure that the funding is captured within the overall capital programme. No allocations from this funding have been approved as yet.	989	989	0	0	0	0	0	0	0
Grand Total							53,390	14,857	13,236	12,891	12,406	0	0	0	0

ROLLING PROGRAMME SCHEMES

Cat	Description	Category	COMMENTS	GROSS COSTS					CYC CAPITAL RECEIPTS FUNDING				
				Capital Total	07/08	08/09	09/10	10/11	CYC Funding Total	07/08	08/09	09/10	10/11
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2	Highways R&R (Existing)	2	A programme for the resurfacing and reconstruction of the City's roads and footways has been established to halt the deterioration of the assets and maintain them in their current condition. The total rolling annual budget requirement for this optimum regime is £8.24m per year at 2007/08 prices. An indicative contribution of £1.414m in 2007/08 and future years from the LTP provides funding for the maintenance of principal roads. The remaining contribution of £6.8m has to be funded from CYC Capital and Revenue resources. In 2006/07 the total contribution was £2.989m (£2.259m CYC Capital, £500k prudential borrowing, £730k Revenue) leaving a £3.9m shortfall. Although the proposed allocations are insufficient to fund the long term maintenance of the city's highway infrastructure they are considered to be the maximum affordable. The bid identifies an increasing revenue commitment of £250k per year to offset the reduction in availability of capital receipts. This bid seeks to maintain the historic level of funding over the four year budget period. An expression of interest for a PFI bid has been submitted to help cover the widening funding gap.	4,500	1,500	1,250	1,000	750	4,500	1,500	1,250	1,000	750
2	City Walls Repair (Rolling)	2	This bid continues the rolling programme, established in 1991, of essential repair and restoration to the City Walls. The bid will pay for works which will ensure the continued structural integrity and stability of the Walls and hence public access and enjoyment of this unique asset. In 2007-08 the programme will undertake a series of small yet urgent repair projects around the City Walls.	402	67	67	67	201	402	67	67	67	201
2	City Walls (Robin Hood Tower)	2	This bid is for £144K to complete the reconstruction of the roof of Robin Hoods Tower and associated restoration works. Design work has been completed and work on-site will start in January 2007. A sum of £80K was allocated in 06/07 and £32K has been allocated from the 06/07 rolling programme to this project. Detailed design work and tendering has indicated that the overall cost for this scheme will be £256K. The proposed works at Robin Hood Tower was identified as a high priority in the Condition Survey undertaken in 1991. Subsequent monitoring of the condition of the walls and towers has indicated that the repair and restoration works at Robin Hood Tower must be undertaken in the near future to ensure the continued structural integrity of the tower and to prevent the collapse of the tower roof. Blocks of stone have already fallen from the tower onto the rampart. In 2003/04, Acrow props were installed into the space underneath the tower roof to provide temporary support. In 2004/05 further temporary supports were installed. There is no scope to install more temporary supports.	144	144	0	0	0	144	144	0	0	0
2	City Walls Health and Safety	2	Members have made available £40k over the last two financial years to allow the installation of railings on high, unguarded sections of the City Walls where there is a high risk of people falling from the wall walk. A further £20k per year is already included in the forward programme for 2007/08 and 2008/09. This bid for £63k in 2007/08 replaces the existing allocations and would complete the works recommended in the 2003 Safety Audit by funding the installation of 145 linear metres of safety railings on two sections of City Wall on Station Rise and near Micklegate Bar. The City of York Council is under a statutory duty to provide public access to scheduled ancient monuments in its ownership. Recently introduced legislation 'The Work at Height Regulations 2005' dictates that the Council must ensure that the risk of falls is managed adequately. This bid will ensure that the sections of the Bar Walls which have been identified as in urgent need of guarding will be made safe, and that it will not be necessary to consider closing these sections of walls.	43	43	0	0	0	43	43	0	0	0
2	Local Improvement Schemes - Ward	2	This rolling scheme funds the capital element of local improvement schemes agreed by ward committees across York. This is based on a per capita budget of £1 plus fees. Funding for 2008/2009 has already been approved. The budget is used to fund tangible physical improvements across the whole city for schemes which are identified and prioritised by the public. The scheme assist directly with the implementation of Safe City and York Pride	896	224	224	224	224	896	224	224	224	224

2	Disbilty Support Budget	2	To provide discretionary assistance for disabled customers who need financial help The grants help disabled people, and parents with disabled children to adapt their homes to continue living there and maintain their independence The assistance helps with: The shortfall between the cost of the eligible works and the mandatory disabled facilities grant, to purchase a more suitable property where it is more cost effective and relocation expenses.	400	100	100	100	100	400	100	100	100	100
2	Major items of equipment - CELS	2	Enables people with complex and disabling conditions to be safely cared for in their own homes avoiding unnecessary admissions to hospital or nursing care. Provides support to carers to enable them to continue to care for their partner/relative. Contributes to the costs of specialist Occupational Therapy assessments (15K) and funds the purchase and maintenance of major items of equipment to aid daily living.(90k)	420	105	105	105	105	420	105	105	105	105
2	Preserving Property Assets - Comm Prop	2	To invest in the Council's property assets and keep them up to a decent standard.	1,000	250	250	250	250	1,000	250	250	250	250
54	Health and safety / DDA	4	Continuation of programme of urgent works required to:- carry out Health & Safety repairs to Council Buildings to safeguard delivery of services - improve public and staff access to Council Buildings to comply with requirements of Disability Discrimination Act 1995	800	200	200	200	200	800	200	200	200	200
50	River Bank Repairs -Clifton - Scarborough Bridge	4	The stretch of river bank on the eastern side between Clifton Bridge and Scarborough Bridge is showing signs of failure. To date 6 holes have appeared since February 2006 and these have been temporarily made safe with mesh fencing panels. A dive survey has been undertaken and the concrete panels below the waterline retaining the riverbank are either missing, displaced or failing. These bank collapses, if left to deteriorate, will present a significant danger to the public and under the Council's legal duty of care need to be repaired. A short term repair would cost in the order of £60k as working in the river will be required. This would solve the problem in the short term and will deal with the known collapses. A long term solution is required as we are aware from the recent dive survey the problems with the concrete panels extend into areas which have not yet collapsed.	1,011	60	317	317	317	1,011	60	317	317	317
8	Special Bidge Maintenance	6	To carry out a planned programme of bridge maintenance schemes which have resulted from a long term lack of investment in the Council's bridge stock. A programme of work was compiled from detailed Principal Inspections carried out before 1998. Since then a number of schemes have been completed with funding provided through this budget but there are still twelve schemes remaining in the programme. The value of these schemes has been reviewed in the light of further deterioration, inflation and likely actual costs based on similar schemes. Further General Inspections since 1998 have identified further work to other highway structures, and the bid reflects the estimated total value of the works at todays prices.	938	200	200	200	338	938	200	200	200	338

10,554	2,893	2,713	2,463	2,485	10,554	2,893	2,713	2,463	2,485
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DISCRETIONARY SCHEMES				GROSS COSTS					CYC CAPITAL RECEIPTS FUNDING				
				Capital Total	07/08	08/09	09/10	10/11	CYC Funding Total	07/08	08/09	09/10	10/11
Ref No	Description	Category	COMMENTS	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2	York Pools Programme	2	The scheme will see the refurbishment of a pool in the West of the city on either Oakland's School Site or the current Edmund Wilson site, a contribution to the proposed pool at the University and funding for improvements at Yearsley pool.	7,500	2,750	3,750	1,000	0	7,500	2,750	3,750	1,000	0
2	York Museums Trust	2	Following negotiations with the Heritage Lottery Fund it has been agreed to submit proposals for the redevelopment of the Hospitium, the Yorkshire Museum, St Mary's Abbey/ Museums Gardens, and the art gallery as separate, phased bids. This will mean a re-profiling the currently agreed CYC contribution of £1.8M	8,844	994	3,225	4,625	0	1,800	400	625	775	0
47	Crematorium - Mercury Abatement	4	This scheme is to install mercury abatement equipment to the crematorium to meet government requirements. By 2012 mercury emissions must be reduced from UK crematoria by 50%. The equipment removes gaseous mercury from the flue gases.	420	0	0	420	0	420	0	0	420	0
1	Visitor Information Centre	5	Relocation of the City Centre Visitor Information centre (VIC) from the De Grey rooms to a new building on the site of the former city centre offices in Parliament Street. The VIC needs new accommodation – the lease on De Grey Rooms expires and the facility is not compliant with the Disability Discrimination Act. After investigations over several years the Parliament Street option offers by far the best prospects for a commercially successful VIC facility with a high footfall (400,000 potential users of the service each year) and a step change improvement in visitor information services that would be a flagship for the rest of the region. The Visitor Information centre will be working in partnership with a regional group, supported by Yorkshire Forward, which is looking for an opportunity to promote Yorkshire food and drink through merchandising space and a restaurant use within the premises. This will enhance the commercial viability of the project in revenue terms (both through rental income and a share in income from merchandising sales and restaurant takings) by augmenting the improved merchandising sales anticipated. The relocation of the toilets on the proposed site is the subject of a separate CRAM Bid.	3,500	3,500	0	0	0	0	0	0	0	0
10	Housing Grant and Adaptations	5	To allow payments of grants in line with statutory legislation and council policies (February 2006). These grants are aimed at: a) disabled owner occupiers and private tenants to provide adaptations in order they can live as independently b) vulnerable owner occupiers and private tenants to assist in the repair of items affecting their health and safety and making their homes decent (PSA7) Currently these schemes are funded from three sources 1) Regional housing board- two year grant for 2006/07 and 2007/2008 2) Government subsidy of 60% for disabled facilities grant of £357K, which requires to be match funded 3) The HRA (RTB receipts) 07/08 final year of support to fund remainder. It is unclear from 2008 what the level of external funding will be and we will be reviewing our grants and assistance policy.	5,720	1,430	1,430	1,430	1,430	2,319	0	773	773	773
42	Hull Road Park	5	A complete restoration of the park including repairs to two buildings (serving community and maintenance functions), footpath improvements to meet DDA regulations and replace worn out surfaces, new expanded play area, restored pergolla, new tree planting, bins and signs, fields drains and watercourse repairs. New sports facilities are planned as well as finding a new use for the moth balled bowling green. The first stage in the scheme will be to seek a Development Grant from the Lottery to progress the work up to Design Stage C	1,283	0	0	460	823	323	0	0	160	163

44	Tang Hall Library Learning Centre	5	The scheme would extend and refurbish Tang Hall Library as a Library Learning Centre offering both a 21st century library service and a range of Adult Education classes. The Flexible Learning Centre would also be enlarged. In November 2006 a strand of the Big Lottery will be launched called Community Learning - there are two strands - Community Libraries and Family Learning. This is a very rare opportunity to bid for capital funding for public libraries and it is the first time libraries will be allowed to bid for lottery money to support buildings. It is our intention to bid into this strand to fund the scheme. Full details of the strand are not yet available but it is known that a successful bid will require a community plan and pro active engagement with local people.	700	0	700	0	0	0	140	0	140	0	0
46	York Theatre Royal	5	The current Theatre Building is in need of major repairs and maintenance and these are both substantial and becoming increasingly urgent. Repairs of the Theatre roof alone have been estimated at over £750K. As a local authority asset on peppercorn rent the ability to secure externally leveraged funds is more limited than if the Theatre is on a long (25 years+) lease with a private landlord. Initial discussions regarding this possibility are underway and a feasibility study linking the Theatre and the DeGrey complex has already reported positively on the proposal. This development would form a major part of the visitor and resident offer in the emerging Cultural Quarter. The total scheme would encompass the refurbishment of York Theatre Royal, refurbishment and redevelopment De Grey Rooms and the provision of a new build link to improve studio and performance provision, front of house facilities, education centre, additional rehearsal space and DDA compliant access throughout.	4,400	0	1,500	2,000	900		700	0	100	500	100
57	Central Library CPA improvement scheme	6	To install self-issue equipment at York Library. This will: i) free up staff resources which will be reallocated in order to increase opening hours at other libraries improving performance against CPA indicators, ii) improve the customer experience at York Library by opening up the entrance foyer, creating more space for materials and activities, and focussing staff time on more effective face to face interaction with customers, iii) improve other library CPA indicators including number of visits, cost per visit, and borrowing relating indicators.	165	165					165	165			
Grand Total				32,532	8,839	10,605	9,935	3,153		13,367	3,315	5,388	3,628	1,036

Rolling Programme Schemes Change from the base position

Proposed Schemes	2007/08 £000		2008/09 £000		2009/10 £000		2010/11 £000		Total £000	
		Change		Change		Change		Change		Change
Highways Resurfacing & Reconstruction	1,500	+250	1,250	+250	1,000	+250	750	+250	4,500	+1,000
City Walls - Repairs and Renewals	67	+0	67	+0	67	+0	201	+134	402	+134
City Walls - Robin Hood Tower	144	+59	0	+0	0	+0	0	+0	144	+59
City Walls - Health & Safety	43	+23	0	-20	0	-20	0	-20	43	-37
Ward Committees - Improvement Schemes	224	+22	224	+22	224	+22	224	+22	896	+88
Preserving Property Assets	250	+0	250	+0	250	+0	250	+0	1,000	+0
Community Equipment Loans Store (CELS)	105	+0	105	+0	105	+0	105	+0	420	+0
Disabled Support Grant	100	+0	100	+0	100	+0	100	+0	400	+0
Health and Safety / DDA	200	+200	200	+200	200	+200	200	+200	800	+800
River Bank Repairs	60	+60	317	+317	317	+317	317	+317	1,011	+1,011
Special Bridge Maintenance	200	+200	200	+200	200	+200	338	+338	938	+938
Total	2,893	+814	2,713	+969	2,463	+969	2,485	+1,241	10,554	+3,993

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Capital Budget - 2006/07 to 2009/10**Gross Expenditure by Department**

	2007/08 Revised Budget £000	2008/09 Revised Budget £000	2009/10 Revised Budget £000	2010/11 Budget Process £000	Gross Capital Programme To be Funded £000
Children's Services	16,485	9,550	250	0	26,285
City Strategy (P&T)	8,931	6,852	5,969	5,522	27,274
City Strategy (Econ Devt)	150	3,500	0	0	3,650
Housing	9,089	8,705	8,887	9,303	35,984
Leisure & Heritage	4,477	5,774	1,763	0	12,014
Neighbourhood Services	405	202	0	0	607
Resources	4,007	13,226	15,099	2,353	34,685
Easy@York	0	0	0	0	0
Social Services	205	205	205	205	820
Total by Department	43,749	48,014	32,173	17,383	141,319

Total External Funds by Department

Children's Services	16,225	4,050	250	0	20,525
City Strategy (P&T)	7,509	5,499	4,832	4,635	22,475
City Strategy (Econ Devt)	0	3,500	0	0	3,500
Housing	9,041	8,705	8,887	9,303	35,936
Leisure & Heritage	825	1,424	0	0	2,249
Neighbourhood Services	203	0	0	0	203
Resources	0	6,777	12,710	2,253	21,740
Easy@York	0	0	0	0	0
Social Services	0	0	0	0	0
Total External Funds by Department	33,803	29,955	26,679	16,191	106,628

Total CYC Funding required by Department

Children's Services	260	5,500	0	0	5,760
City Strategy (P&T)	1,422	1,353	1,137	887	4,799
City Strategy (Econ Devt)	150	0	0	0	150
Housing	48	0	0	0	48
Leisure & Heritage	3,652	4,350	1,763	0	9,765
Neighbourhood Services	202	202	0	0	404
Resources	4,007	6,449	2,389	100	12,945
Easy@York	0	0	0	0	0
Social Services	205	205	205	205	820
Total CYC Funding required	9,946	18,059	5,494	1,192	34,691

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**Executive**16th January 2007

Report of the Director of Resources

Treasury Management Strategy Statement and Prudential Indicators for 2007/08 to 2010/11**Purpose**

1. The purpose of this report is to ask the Executive to recommend that Council approve:
 - the proposed Prudential Indicators for 2007/08 to 2010/11
 - an integrated Treasury Management Strategy Statement including the annual investment strategy
 - the use of LOBOs for debt restructure purposes

Summary

2. The report provides a background to why it is necessary to produce a treasury management strategy and set prudential indicators for the following four years.
3. The main points for consideration are in relation to the borrowing strategy over the following four years. The Council is embarking on a series of significant capital investments that will realise significant revenue savings over the following 30 years. These investments will see the underlying need to borrow increase from the current trend of between £10-12m a year to a peak of over £30m in 2009/10. The borrowing strategy aims to minimise the risks to the Council of borrowing large amounts in any single year by giving the Council the flexibility to borrow in advance in order to take advantage of favourable interest rates as they arise.
4. The annual investment strategy reviews the projected interest rates over the next 3 years until 2010, and seeks to maximise returns to the Council whilst minimising the risks associated with this.

Background

5. The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for a minimum of the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

6. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
7. The suggested strategy for 2007/08 in respect of the following aspects of the treasury management function is based upon the Director of Resources views on interest rates, supplemented with market forecasts provided by Sector, the Council's treasury advisor. The strategy covers:
 - treasury limits in force which will limit the treasury risk and activities of the Council (paragraphs 11 – 13)
 - Prudential Indicators (paragraph 14-15 and Annex A)
 - the current treasury position (paragraph 16-18);
 - prospects for interest rates; (paragraph 19-21)
 - the borrowing requirement and strategy; (paragraph 22-30)
 - debt rescheduling; (paragraph 31-42)
 - the investment strategy; (paragraph 43-48)

Consultation and Options

8. The Treasury Management function of any business is a highly technical area, where decisions are often taken at very short notice in reaction to the financial markets. Therefore treasury management decisions are delegated to the Head of Finance. To inform sound treasury management operations the Council has contracted Sector Treasury Services as its Treasury Management advisors. Sector offer the Council a comprehensive information and advisory service to enable the Council to maximise its investment returns and minimise the costs of its debts.
9. The Council approves the Treasury Management Strategy Statement and Corporate Services EMAP is consulted on the Treasury Management Policy and Practices.
10. There are a number of treasury management options available which depend on the Council's stance on interest rate movements. This report sets out the Council's stance and recommends the setting of key trigger points for borrowing and investing over the forthcoming financial year.

Analysis

Treasury Limits 2007/08 – 2010/11

11. It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".
12. The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'. Both the operational limit and authorised limit have risen from £95.6m

and £112.5m respectively in 2005/06 to £144.2m and £165.7m in 2006/07.

13. Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. As outlined elsewhere on this agenda it is proposed that the Council adopt a 4 year capital programme. This provides the opportunity to set an Authorised Limit in line with the capital programme until 2010/11.

Prudential Indicators

14. The Council is required to set a suite of Prudential Indicators (PI's) to assist it in managing the Treasury Management and Capital expenditure functions. Annex A illustrates the PI's for 2007/08 to 2010/11 with a description of why they are necessary and what they are measuring.
15. The prudential indicators act as a useful tool in advising the treasury management strategy and annual investment strategy, the paragraphs below take account of the other factors that impact on the strategy.

Current Portfolio Position

16. The Council's long term borrowing position at 5th December 2006 is shown in Table 1.

	Principal	Average Rate %
PWLB ¹	£93.4m	4.360%
Market ²	£10.0m	7.155%
TOTAL	£103.4m	4.630%

Table 1 – Fixed Term Borrowing

17. The Council currently has no variable long term borrowing from the PWLB or other sources.

Investments

18. The Council's total investments at the 5th December 2006 were £56.8m. This comprised money market investments at fixed rates of £31.4m and variable rate investments of £25.4m in three call accounts³ and the Council's bank account.

Prospects for Interest Rates

¹ The Public Works Loans Board (PWLB) provides local authorities with long term debt and is the main source of local authority borrowing.

² This represents one loan that the Council has been unable to exit.

³ Call accounts are instant access bank accounts that pay preferential rates of interest on deposits.

19. The behaviour of interest rates, both long term and short term have a major influence on the overall treasury management strategy and affects both borrowing and investment decisions. To assist officers in making these important borrowing and investment decisions the Council contracts Sector Treasury Services as its treasury adviser. Part of their service is to assist the Council to formulate a view on interest rates. Annex B draws together a number of current City forecasts for short term or variable (the base rate) and longer term fixed interest rates. The graph below illustrates the projected base rate and PWLB 10 year and 50 year borrowing rate from December 2006 to January 2010.

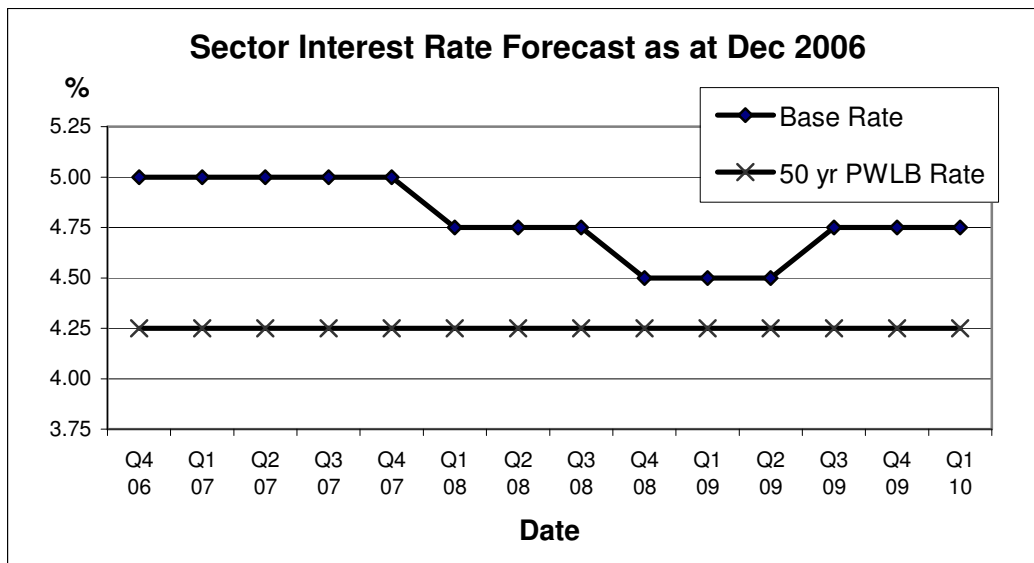


Figure 1 – Sectors Interest rate forecast

Interest rate forecast

20. The base rate is currently at 5% following two 0.25% increases in August and November 2006 from 4.50% after having been at that level for a full year. Forecasts for 2007 to 2009 are now predicting a period of stability until December 2007 where it is expected that rates will need to be reduced by 0.25% in January 2008 before falling again to 4.5% in January 2009. Although it is expected that rates will remain level at 5% for the majority of 2007/08, there is an upside risk early in the first quarter of 2007 (i.e. rates could hit 5.25%).

Economic background

21. These interest rate forecasts must be set against the economic background in both the UK and the rest of the world:

UK

- a. GDP⁴ growth is expected to increase on the back of the upswing of the economic cycle from a low point reached in June 2005. Robust growth is expected to continue for a little longer but a modest cooling

⁴ Gross Domestic Product – A calculation of National Income

- is expected in 2007 (2006 2.5%, 2007 2.0%) and to continue at below the trend rate of 2.5% thereafter.
- b. Recovery in consumer spending and retail sales has underpinned this upswing in GDP.
 - c. The housing market has proved more robust than expected; house price inflation over 8% p.a.
 - d. Higher than expected immigration from Eastern Europe has strengthened growth and dampened wage inflation.
 - e. MPC⁵ decision to raise Bank Rate in November 2006 to bring CPI⁶ inflation down to the 2% target level two years ahead. The MPC has been concerned that short term price increases (CPI has been significantly above target since June 2006) could feed through into wage settlements in the next pay round.
 - f. Household income growth to recover in 2007 as inflation falls and pay rises. But extra income likely to go into a recovery of the savings rate, pension saving and servicing debt costs (as rates rise) rather than consumer expenditure.
 - g. Public sector real increase in expenditure per annum to weaken to 2.5% over the next few years from 3% average over 2000-2005.
 - h. Increases in Bank Rate in August and November likely to dampen the housing market and also increases in unsecured borrowing.
 - i. World slowdown in growth in 2007 will dampen UK exports.
 - j. OUTLOOK: When inflation is back under control, then Bank Rate will switch eventually to a falling trend in 2008 to counter above negative effects on the economy and growth.

International

- a. The US, UK and EU economies have all been on the upswing of the economic cycle in 2005 and 2006 and so have been raising interest rates in order to cool their economies and to counter inflationary pressures stimulated by high oil, gas and electricity prices which could feed through into increases in wage inflation, producer prices etc.
- b. The US is ahead of the UK and EU in the business cycle and it looks as if the Fed⁷ rate has probably already peaked at 5.25% whereas there is an expectation in the financial markets of further increases in the EU and UK.
- c. The major feature of the US economy is a still steepening downturn in the housing market which is likely to drag consumer spending, and so the wider economy, down with it (e.g. house building, employment etc.). Falling house prices will also undermine household wealth and so lead to an increase in savings (which fell while house prices were rising healthily) and so conversely will lead to a fall in consumer expenditure.
- d. The Fed. may be reluctant and tardy to respond to the aforementioned downturn in the economy if inflationary pressures

⁵ Monetary Policy Committee – the independent body responsible for setting the Bank of England Base Rate

⁶ Consumer Price Index – the measure of inflation targeted by the Bank of England

⁷ Federal Reserve – the US National Bank responsible for US monetary policy

remain stubbornly high. This could exacerbate the downturn both in the US and the world economies.

- e. EU growth picked up strongly in the first half of 2006 and is expected to remain healthy in the second half. Growth to slow moderately in 2007 due to weaker US and global demand.
- f. Despite sharply increased energy prices, deflationary pressures from falls in prices of manufactured goods from China and India have helped to keep headline inflation in the advanced economies to an average of around 3% and will fall as the energy effects go into reverse.

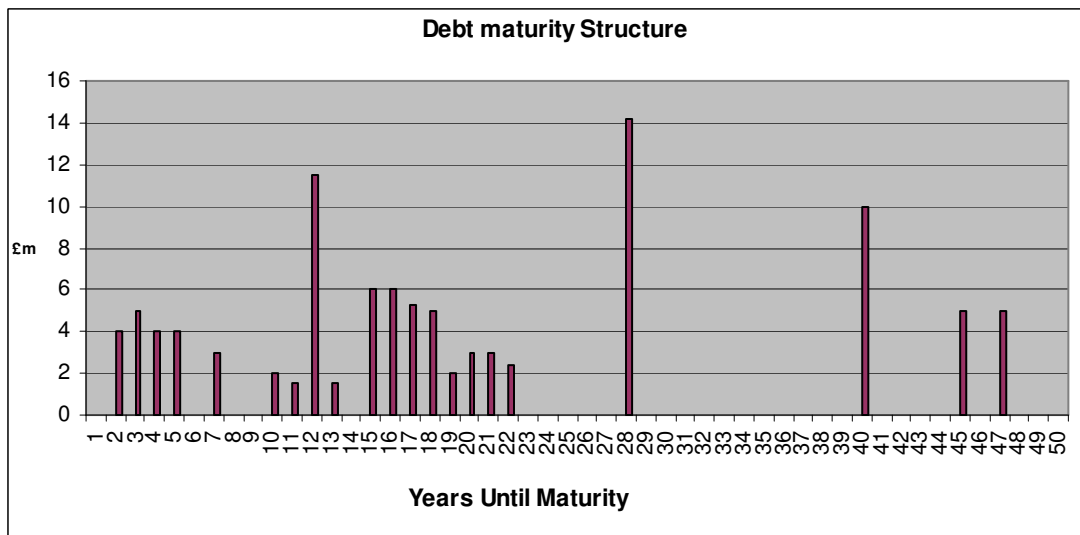
Borrowing Strategy

- 22. Traditionally the Council have been asked to approve a borrowing strategy for the forthcoming financial year. However, last year a medium term borrowing strategy was developed until 2010/11 to take account of the significant levels of capital investment the Council is expecting to make over the next 5 years.
- 23. Historically the Council has needed to borrow on average between £10m - £12m a year to fund the capital programme. The Government provide grant funding to repay the debt and cover the interest payments. Over the next few years the Council is planning to borrow in addition to the government supported allocations by taking advantage of the prudential borrowing it has been allowed to take since April 2004. The main reason for the projected increase in unsupported borrowing is invest in major projects that will result in long term revenue savings to the Council. The key projects that are likely to be approved by the Council include:
 - The Administrative Accommodation Rationalisation Project (£23m)
 - The replacement of IT leasing with out right purchase of equipment (£8m over 4 years);
 - Investment at the York High School (£1.3m)
 - Investment in a new public swimming pool at York High School (£1.2m)
- 24. As a result of these schemes borrowing is projected to increase from approximately £10m a year in 2006/07 to a maximum of £33m in 2009/10, with the overall level of net debt increasing by £64m by 2010/11.
- 25. The treasury management and borrowing strategy needs to reflect this position. It would be a risky strategy to borrow in the year when the cash is required for two main reasons:
 - A spike in interest rates could leave the Council exposed, especially in 2009/10 when we are expecting to borrow over £30m;

- The government reserve the power to impose a restriction on the amount of prudential borrowing that a Council can take if the macro economic climate dictates.
26. The Sector Treasury interest rate forecast, illustrated in paragraph 17, shows PWLB rates remaining at a central rate of 4.25%. However, they state that we can expect rates to fluctuate by +/- 25 basis points around this level, meaning that we can expect rates to go as low as 4% and as high as 4.5%. Capital Economics have predicted the rate to fall as far as 3.95%.
27. Variable rate borrowing and borrowing in the five year area are expected to be more expensive than long term borrowing and will therefore be unattractive throughout the financial year compared to long term borrowing
28. In light of these projections the CYC strategy is therefore as follows:
- With 50 year PWLB rate at 4.25%, borrowing should be made in this area of the market at any time in the financial year. This rate will be lower than the forecast rates for shorter maturities in the 5 year and 10 year area. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.10%, significantly below the Council's long term cost of funds of 4.63%.
29. As always, caution will be adopted with the 2007/08 treasury operations. The Head of Finance will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions as part of the monitoring cycle to Corporate Services EMAP.
30. The main sensitivities of the forecast are likely to be the two scenarios below. Council officers, in conjunction with our treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:
- *if it were felt that there was a significant risk of a sharp rise in long and short term rates*, perhaps arising from a greater than expected increase in world economic activity or in increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
 - *if it were felt that there was a significant risk of a sharp fall in long and short term rates*, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

Debt Rescheduling

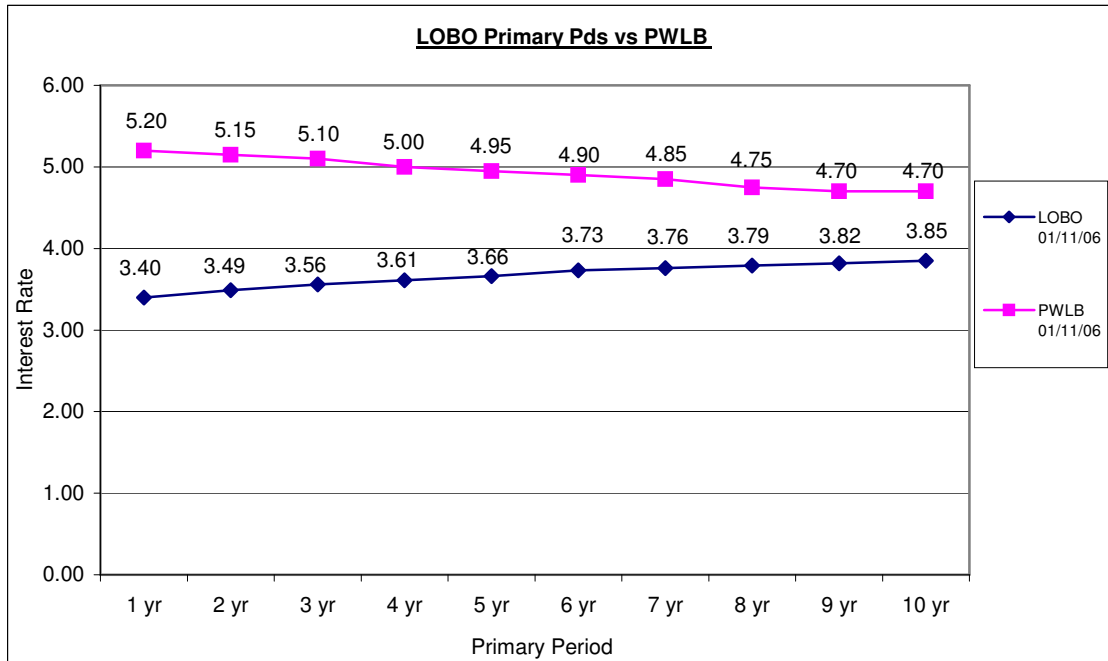
31. There are currently opportunities to restructure shorter term debt into long term debt in order to optimise the potential savings achievable in the financial year 2007/08. Any positions taken via rescheduling will be in accordance with the borrowing strategy outlined above.
32. The Council currently has debts of £103.4m, with an average life of loan of 19 years, the average rate of interest (cost of debt) is 4.63%. All of the Councils debt is at fixed rates of interest. The chart below shows the Councils debt maturity structure.



33. The Council can restructure its debt by taking out new loans to replace the existing ones with the aim of reducing the overall cost of debt. Normally during debt restructures the Council switches out of high cost loans into cheaper loans. This switch results in the Council needing to pay a premium which represents the future interest payments that would have been paid over the loan in today's money value, the premium is then written back to revenue over the life of the replacement loan. The opposite would happen if the Council restructured into a higher rate loan, a discount would arise and the discount would be written back to revenue over the life of the replacement loan.
34. The Council can currently restructure its debts by the use of Public Works Loans Boards (PWLb) loans. A potential second option is available to the Council in the form of a financial instrument called Lender Options Borrower Options (LOBO) loans. LOBOs are offered by large financial institutions such as banks where as PWLB loans are offered only by the Treasury.
35. At pre agreed set points the lender has the option to increase the rate the borrower pays on the loan. At this point the borrower then has the option to either accept the increased interest rate which will remain until the next period for change or decline and repay the loan in full. The interest rates offered never go down which means that without tight

controls a borrower could get drawn into holding expensive long-term debt

36. LOBOs offer very cheap primary period rates (the primary period is the first point at which the lender can increase the interest rate) which cannot be matched by either long or short-term PWLB loans. The graph below compares primary period LOBO rates with PWLB rates and shows in the case of LOBOs that the primary period interest rate increases as the fixed primary period increases. There is the potential to make significant savings by restructuring into LOBOs.



37. It is suggested that the Council restructure a limited amount of its current short term maturity PWLB debt into lower rate LOBO debt with matching primary periods.

38. As stated earlier in taking a LOBO there is a danger that by not taking the repayment option the Council could end up with relatively expensive long term debt. As a result the Council should always repay its LOBO loan if the new rate offered by the lender is greater than the in year PWLB trigger rate or if a predetermined limit set at the point when the loan is taken is hit. The in year trigger rate for PWLB borrowing in 2006/07 is 4.00%, therefore the Council would repay the loan if the lender increased the interest rate beyond 4.00% and it is proposed to use the trigger for loans taken in 2006/07 or 2007/08. The 4.00% rate is prudent when compared the Councils Consolidated Rate of Interest (CRI) which is 4.63%. Any loans that are taken at a rate of less than 4.63% would reduce the Councils CRI.

39. In addition, the Council will actively give consideration during the year to taking advantage of small movements in PWLB rates to reduce the cost

of existing debt in the portfolio by reborrowing at lower rates without making significant changes to the type of debt or maturity periods.

40. The reasons for any rescheduling to take place will include:
- the generation of cash savings at minimum risk;
 - help fulfil the borrowing strategy outlined above; and
 - enhance the maturity balance of the portfolio.
41. The Council will remain cautious in relation to debt restructuring in light of draft changes to the CIPFA accounting standards document (SORP 2007) issued on 18 October 2006 which includes major potential changes in the treatment of the valuation of debt and investments, the calculation of interest and the treatment of premia and discounts arising from debt rescheduling. There will be a three month consultation period before proposals are finalised. It is also expected that these proposals, once finalised, may make necessary the issue of legislation by the Government to take effect from 1st April 2007. The Authority's treasury management strategy will be reviewed once the final decisions in this area are known to see whether any changes will be required in borrowing, investment or debt rescheduling strategies.
42. Any rescheduling will be reported to Corporate Services EMAP as part of the monitoring cycle.

Investment Policy

43. The Council will have regard to the ODPM's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are the security of capital and the liquidity of its investments. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
44. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.
45. Investment instruments identified for use in the financial year are listed in Annex C in the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules, which are updated annually in June.
46. The Council's in-house funds are mainly cashflow derived. Investments will accordingly be made with reference to the core balance, cash flow requirements and the outlook for short-term interest rates. In order to spread risk and actively manage its investments, the Council uses a matrix to set an upper limit on the amount of funds which may be invested with an authorised counterparty.

47. Sector is forecasting the Base Rate to remain at 5.0% from November 2006 until falling to 4.75% in early 2008 and then again to 4.5% by the end of 2008. The Base Rate is then expected to remain unchanged until rising to 4.75% in Q3 2009 and remaining at that level for the foreseeable future. The Council should, therefore, seek to lock in longer period investments at higher rates before this fall starts for the core balances element of the investment portfolio.
48. For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (over night to three months) in order to benefit from the compounding of interest.

Corporate Priorities

49. The Treasury Management Strategy Statement and Prudential Indicators are aimed at ensuring the Council *“Improves efficiency and reduces waste to free-up more resources”*

Implications

- **Financial** – Contained within the body of the report
- **Human Resources (HR)** – None
- **Equalities** – None
- **Legal** – Complying with the Local Government Act 2003
- **Crime and Disorder** – None
- **Information Technology (IT)** – None
- **Property** – None

Risk Management

50. The treasury management function is a high risk area because of the volume and level of large money transactions. As a result of this there are strict procedures set out as part of the Treasury Management Practices statement which is reviewed annually and approved by Corporate Services EMAP in June of each year.

Recommendations

51. The Executive are asked to recommend that Council approve:
- a) the Prudential Indicators for 2007/08 to 2010/11 (Annex A);
 - b) the proposed Treasury Management Strategy for 2007/08 – 2010/11;
 - c) the annual investment strategy.
 - d) the use of LOBOs for debt management purposes.
 - e) the adoption of a predetermined LOBO repayment rate of 4% for LOBOs taken out before 31/03/2008.
 - f) the use of PWLB in year borrowing trigger as a trigger to repay LOBO loans.

- g) a maximum limit of 10% of total debt portfolio to be funded through LOBO loans at any one time.

Reason : To enable the continued effective operation of the Treasury Management operation and ensure that all Council borrowing is prudent, affordable and sustainable.

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Head of Finance

**Report
Approved**

Date 5/1/07

Simon Wiles
Director of Resources

**Report
Approved**

Date 5/1/07

Specialist Implications Officer(s)

N/a

Wards Affected:

All

For further information please contact the author of the report

Background Papers

2006/07 monitoring working papers and respective EMAP reports.
Sector Treasury Services Limited

Annexes

Annex A – Prudential Indicators 2007/08 – 2010/11

Annex B – Interest Rate Projections

Annex C – Specified’ and ‘Non-Specified’ Investments

ANNEX A

PRUDENTIAL INDICATORS		2007/08	2008/09	2009/10	2010/11	
		estimate	estimate	estimate	estimate	
1)	Capital Expenditure To allow the authority to plan for capital financing as a result of the capital programme. To enable the monitoring of capital budgets to ensure they remain within budget	Non - HRA	£'000 35,468	£'000 40,229	£'000 24,673	£'000 9,468
		HRA	7,293	7,275	7,457	7,873
		TOTAL	42,761	47,504	32,130	17,341
2)	Ratio of financing costs to net revenue stream This indicator estimates the cost of borrowing in relation to the net cost of Council services to be met from government grant and council tax payers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy	Non - HRA	6.00%	6.86%	7.63%	7.70%
		HRA	3.31%	3.62%	3.79%	4.00%
3)	Incremental impact of capital investment decisions - Council Tax Shows the actual impact of capital investment decisions on council tax. The impact on council tax is a fundamental indicator of affordability for the Council to consider when setting forward plans. The figure relates to how much of the increase in council tax is used in financing the capital programme and any related revenue implications that flow from it.	£ p	£ p	£ p	£ p	
		Increase in Council Tax (band D) per annum	4.34	6.52	0.00	0.00
4)	Incremental impact of capital investment decisions - Hsg Rents Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA 2006/07 planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.	£ p	£ p	£ p	£ p	
		Increase in average housing rent per week	0.00	0.00	0.00	0.00
5)	Capital Financing Requirement as at 31 March Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.	Non - HRA	96,268	104,733	127,955	156,555
		HRA	15,669	16,669	17,669	18,669
		TOTAL	111,937	121,402	145,624	175,224
6a)	Authorised Limit for external debt - The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities for 3 financial years.	borrowing	179,700	194,000	214,000	234,000
		other long term liabilities	0	0	0	0
		TOTAL	179,700	194,000	214,000	234,000
6b)	Operational Boundary for external debt - The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.	borrowing	158,200	180,800	192,600	210,600
		other long term liabilities	0	0	0	0
		TOTAL	158,200	180,800	192,600	210,600
7)	Adoption of the CIPFA Code of Practice for Treasury Management in Public Services Ensuring the keeping Treasury Management Practices remain in line with the SORP.	Treasury Management Policy Statement 12 Treasury Management Practices Policy Placed Before Council Annual Review Undertaken				
8a)	Upper limit for fixed interest rate exposure The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts	Net interest re fixed rate borrowing / investments	150%	150%	150%	150%
		Actual Net interest re fixed rate borrowing / investments	n/a	n/a	n/a	n/a
8b)	Upper limit for variable rate exposure The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts	Net interest re variable rate borrowing / investments	20%	20%	20%	20%
		Actual Net interest re variable rate borrowing / investments	n/a	n/a	n/a	n/a
9)	Upper limit for total principal sums invested for over 364 days To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future	Current Investments over 364 days	£10,000	£10,000	£10,000	£10,000
			£0	n/a	n/a	n/a

10)	<p>result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long term loans mature in different periods thus spreading the risk.</p> <p>Maturity structure of new fixed rate borrowing during 2006/07</p> <p>The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year. The limits are set as a percentage of the average balances of the investment portfolio.</p>	<p>under 12 months</p> <p>12 months and within 24 months</p> <p>24 months and within 5 years</p> <p>5 years and within 10 years</p> <p>10 years and above</p>	<p>Actual £'000</p> <p>0</p> <p>4,001</p> <p>13,004</p> <p>5,002</p> <p>81,393</p>
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Glossary Of Abbreviations

HRA	Housing Revenue Account
CYC	City of York Council
CFR	Capital Financing Requirement
SORP	Statement of Recommended Practice - for Local Authority Accounting

ANNEX B

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions.

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS**Sector interest rate forecast – 22.11. 2006**

	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010
Bank rate	5.00%	5.00%	5.00%	5.00%	5.00%	4.75%	4.75%	4.75%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%
5yr PWLB rate	5.00%	5.00%	5.00%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
10yr PWLB rate	4.75%	4.75%	4.75%	4.75%	4.75%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
25yr PWLB rate	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
50yr PWLB rate	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

Capital Economics interest rate forecast – 2.11.06

	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008
Bank rate	5.00%	5.25%	5.25%	5.25%	5.00%	4.75%	4.50%	4.50%	4.50%
5yr PWLB rate	4.90%	5.00%	4.60%	4.40%	4.40%	4.30%	4.40%	4.50%	4.60%
10yr PWLB rate	4.75%	4.85%	4.65%	4.45%	4.45%	4.55%	4.65%	4.65%	4.65%
25yr PWLB rate	4.45%	4.35%	4.25%	4.25%	4.25%	4.25%	4.35%	4.35%	4.35%
30yr PWLB rate	4.25%	4.15%	4.05%	3.95%	4.05%	4.05%	4.15%	4.15%	4.15%
50yr PWLB rate	4.05%	4.05%	3.95%	3.95%	4.05%	4.05%	4.15%	4.15%	4.25%

UBS interest rate forecast (for quarter ends) – 27.10.06

	Q/E4 2006	Q/E1 2007	Q/E2 2007	Q/E3 2007	Q/E4 2007	Q/E1 2008	Q/E2 2008		
Bank rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	?	?	?
10 yr PWLB rate	4.85%	4.85%	4.80%	4.80%	4.80%	4.80%	?	?	?
25 yr PWLB rate	4.29%	4.25%	4.25%	4.25%	4.30%	4.35%	?	?	?
50 yr PWLB rate	4.15%	4.15%	4.15%	4.25%	4.35%	4.40%	?	?	?

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – November 2006 summary of forecasts of 26 City and 14 academic analysts for Q4 2006 and 2007. (2008 – 2010 are as at November 2006 but are based on 18 forecasts)

	bank rate actual	Quarter ended		annual average bank rate		
		Q4 2006	Q4 2007	ave. 2008	ave. 2009	ave. 2010
Indep. forecasters BoE Bank Rate	5.00%	4.94%	4.85%	4.86%	4.88%	4.85%
Highest bank rate	5.00%	5.00%	5.50%	5.90%	5.60%	6.10%
Lowest bank rate	5.00%	4.50%	4.00%	3.75%	4.00%	4.00%

Annex C

Investment instruments are listed below under the ‘Specified’ and ‘Non-Specified’ Investments categories.

Specified Investments :

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high’ rating criteria where applicable)

	Minimum ‘High’ Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – UK government	--	In-house
Term deposits – other LAs	As per Sector Credit rating	In-house
Term deposits – banks and building societies	As per Sector Credit rating	In-house
Money Market Funds	AAA	

Investment instruments are listed below under the ‘Specified’ and ‘Non-Specified’ Investments categories.

Non-Specified Investments:

The council does not currently intend to use non-specified investments. They are given for reference purposes below:

	Minimum Credit Criteria	Use
Term deposits – UK government (with maturities in excess of 1 year)		In-house
Term deposits – other LAs (with maturities in excess of 1 year)		In-house
Term deposits – banks and building societies (with maturities in excess of 1 year)		In-house
(if using) Term deposits with unrated counterparties : any maturity		In-house
UK Government Gilts with maturities in excess of 1 year	AAA	Fund Managers
Bonds issued by multilateral development banks	AAA	In-house on a ‘buy-and-hold’ basis. Also for use by fund managers
Bonds issued by a financial institution which is guaranteed by the UK government		In-house on a ‘buy-and-hold’ basis. Also for use by fund managers
Sovereign bond issues (i.e. other than the UK govt)	AAA (or state your criteria if different)	Fund Managers

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Executive**16 January 2007**

Report of the Head of Civic, Democratic and Legal Services

AMENDMENTS TO THE COUNCIL'S CONSTITUTION**Summary**

1. The Executive is asked to consider recommending to Council a further amendment to the Constitution to enable the Council's Monitoring Officer to more effectively review, monitor and amend the Constitution in the longer term.

Background

2. The City of York Council considered a report from the Head of Civic, Democratic and Legal Services, who is also the Council's Monitoring Officer, at a Special Council Meeting on the 27 April 2006 where an amended Constitution was approved. At that meeting Full Council agreed to arrangements for the Head of Civic, Democratic and Legal Services to review implementation of the new Constitution and report back to Council in due course.
3. As part of a review of the implementation of the Constitution a number of minor drafting amendments have been identified. In addition, issues have been raised regarding aspects of the Constitution that require further amendment to improve the effectiveness of the Council's decision making process.
4. The provisions for amending the Constitution are set out in Article 16 of the Constitution. An extract of this Article is attached to this report at Annex 1. Specifically the Constitution requires all amendments to be reported to Full Council for approval at the earliest opportunity. This effectively means that any amendment no matter how minor and even if it is agreed by all parties must be reported to Full Council.
5. The preparation of a report to Full Council, its publication and circulation has resource implications and it is proposed that minor amendments, improvements to drafting and changes that have agreement of all Political Groups ought to be undertaken by the Monitoring Officer in consultation with the Chief Executive.

Consultation

6. The Head of Civic, Democratic and Legal Services has consulted with all Political Groups on the proposals in this report. All Groups have agreed to the

recommendations. In addition the Green Group have asked that partner organisations be consulted on amendments to the Constitution which have an impact on how the Council is to work with such organisations and that any changes other than minor drafting amendments be reported to Full Council in the interests of openness and transparency.

Options

7.1 Option 1

That the Constitution be amended to authorise the Head of Civic, Democratic and Legal Services in consultation with the Chief Executive to make amendments to the Constitution without approval of Full Council as follows:

- Minor drafting amendments
- Any other amendment in consultation with Group Leaders

7.2 Option 2

To leave the provisions of Article 16 unamended.

Analysis

8.1 Option 1

This option will enable the structure and decision-making process of the Council to be kept up-to-date and amendments implemented effectively to reflect political agreement. Where there is no cross-party agreement to a change there will be provision in the Constitution to refer the proposed amendment to Full Council for approval in the usual way.

8.2 Option 2

This option preserves the present arrangements that require all amendments to be reported to Full Council for approval. This delays implementing appropriate amendments effectively and results in Council having to consider minor drafting issues.

Corporate Priorities

9. Option 1 would improve the decision making process of the Council and will contribute to the Council's priority of improving leadership at all levels to provide clear, consistent direction to the organisation.

10. Implications

- **Financial** - None
- **Human Resources (HR)** - None
- **Equalities** - None

- **Legal** – The proposed amendment will ensure that legislative changes can be implemented more effectively
- **Crime and Disorder** - None
- **Information Technology (IT)** - None
- **Property** - None
- **Other** - None

Risk Management

11. The proposed amendment will reduce the risk of the Constitution becoming out of date and ensure the governance arrangements remain legally sound and robust.

Recommendations

12. Executive are asked to recommend to Full Council the amendment to the Constitution proposed at paragraph 7.1.
13. Members are to consider whether to recommend to Full Council that all changes to the Constitution other than minor drafting amendments are reported to Full Council.

Reason: To ensure that the Constitution is more effectively reviewed and monitored and that the business of Council properly reflects the important issues to be discussed by that forum.

Contact Details

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Suzan Hemingway
Head of Civic, Democratic & Legal Services

Report Approved

Date 11 December 2006

Specialist Implications Officer(s)

None

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex 1 – Extract of Article 16 from the Constitution

Article 16

Review and Revision of the Constitution

Duty to Monitor and Review the Constitution

- 1 The Monitoring Officer will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. The Monitoring Officer will undertake a formal review of the whole Constitution (including the Executive arrangements) every six years and report to the Audit & Governance Committee for recommendation to Full Council as appropriate including any proposed revisions to the Constitution and the Executive arrangements.

Changes to the Constitution

- 2 The Constitution may only be amended with the approval of Full Council, on the following basis:

Audit and Governance Committee

The Audit and Governance Committee may advise Full Council on proposed amendments to the Constitution in respect of any matter relating to the good governance of the Council and compliance with this Constitution in accordance with its terms of reference as set out in Part 3 of this Constitution or any amendments proposed by a Councillor as set out below.

Standards Committee

The Standards Committee may advise Full Council on any proposed amendments to the Constitution in respect of any matter relating to ethics and conduct.

Councillors

Any Councillor who wishes to propose a change to the Constitution shall consult the Monitoring Officer, who will report to the Audit and Governance Committee in relation to the proposed amendment.

In addition, the Monitoring Officer may amend this Constitution in advance of Full Council approval in exceptional circumstances to:

- i. ensure that the Constitution and the Council's procedures meet all legal requirements;
- ii. reflect changes to arrangements for the distribution of responsibilities and the delegation of powers in accordance with decisions taken by the person (s) or body with authority to take such action;

- iii. give effect to changes explicitly approved by the Full Council; and
- iv. ensure that any new or amended protocols are included in the Constitution once they have been approved by the person (s) or body with the authority to do so.

Any such amendments must be duly reported to Full Council for approval at the earliest opportunity.



Executive

16 January 2007

Report of the Head of Civic, Democratic & Legal Services

LORD MAYORALTY 2007/2008

Summary

1. The purpose of this report is to ask the Executive to consider which of the political groups should be invited to appoint the Lord Mayor for the municipal year 2007/2008.

Background

2. Members will be aware that the system for nominating the Lord Mayor is based on an accumulation of points determined by the number of seats held by each particular group on the Council. The party having the largest cumulative total of points on Lord Mayor's Day each year is invited to nominate the Lord Mayor for the following year. A party loses 47 points when nominating the Lord Mayor. It should be noted that a nominee for Lord Mayor requires at least five years' service as a Councillor. Service on the former District or County Councils will count towards the five years.
3. Under this scheme the points system is now as follows :

PARTY	POINTS FOR 2006/2007	LOSS FOR LM	POINTS FOR 2007/2008
Labour	3		3 + 15 = 18
Lib Dem	5		5 + 29 = 34
Green	6		6 + 2 = 8
Independent	15	- 47	15 - 47 + 1 = -32

4. The above table shows that the Liberal Democrat group with a total of 34 points qualify for the Lord Mayoralty in 2007/2008.

Consultation

5. A draft of this report has been circulated to the political groups for their information.

Options

6. Option 1

To invite the Liberal Democrat group to nominate the Lord Mayor for 2007/2008.

Option 2

To re-visit the procedure for nominations.

Analysis

7. Option 1 is in accordance with the agreed procedure.

Option 2 would require implementation of a new process which would represent a change in the Council's agreed procedure.

Corporate Priorities

8. The appointment of the Lord Mayor forms part of the Council's civic leadership and assists in the improvement of leadership at all levels to provide clear, consistent direction to the organisation.

9. Implications

- **Financial** – None
- **Human Resources (HR)** – None
- **Equalities** – None
- **Legal** – None
- **Crime and Disorder** – None
- **Information Technology (IT)** – None
- **Property** – None
- **Other** – None

Risk Management

10. Failure to properly appoint a Lord Mayor would have a significant impact on the Council's reputation in terms of undertaking its important civic functions.

Recommendations

11. That the Liberal Democrat group be asked to provide full Council with a nomination for the Lord Mayor for the year 2007/2008.

Reason: To ensure that the Council provides the necessary leadership to undertake its civic functions.

Contact Details

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Report Approved

Date 4 December 2006

Specialist Implications Officer(s)

None

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

None

Annexes

None

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