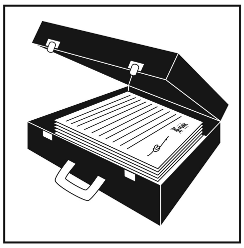
CITY OF YORK COUNCIL



Notice of meeting of

Executive

To:	Councillors Waller (Chair), Ayre, Steve Galloway, Moore, Morley, Reid and Runciman
Date:	Tuesday, 15 February 2011
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 14 February 2011, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 17 February 2011, 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 3 - 6)

To approve and sign the minutes of the Executive meeting held on 1 February 2011.

3. **Public Participation / Other Speakers**

At this point in the meeting, members of the public who have registered their wish to speak regarding an item on the agenda or a matter within the Executive's remit can do so. The deadline for registering is **5:00 pm on Monday 14 February 2011.**

4. **Executive Forward Plan** (Pages 7 - 8)

To receive details of those items that are listed on the Forward Plan for the next two Executive meetings.

5. **Capital Programme - Monitor 3** (Pages 9 - 32)

This report presents the likely outturn position of the Council's 2010/11 Capital Programme, based on the spend profile and information to mid January 2011, and seeks approval for changes to the programme resulting from slippage and for the use of additional prudential borrowing and contingency to progress certain schemes.

6. **Quarter 3 Finance & Performance Monitor for 2010-11** (Pages 33 - 50)

This report presents details of the headline finance and performance issues for the third quarter of 2010-11, covering the period from 1 April to 31 December 2010, with more up-to-date data provided where available.

7. **Treasury Management Monitor 3 and Prudential Indicators 2010/11** (Pages 51 - 68)

This report provides an update on the Treasury Management performance for the period 1 April 2010 to 31 December 2011, as compared against the budget presented to Council on 25 February 2010.

8. **Housing Rent Increase 2011/12** (Pages 69 - 72)

This report asks the Executive to consider the rent guidelines issued by the Department for Communities and Local Government (CLG) for 2011/12.

9. Capital Programme Budget 2011/12 to 2015/16 (Pages 73 - 108)

This report presents the current position of the 2010/11–2014/15 capital programme, highlights the existing funding position and associated pressures, considers the bids received as part of this year's Capital Resource Allocation Model (CRAM) process, and asks the Executive to recommend the revised programme to Council.

A copy of this report will be sent to all Members.

10. Financial Strategy 2011-2017 (Pages 109 - 220)

This report presents the Financial Strategy for 2011-2017, including the detailed Revenue Budget proposals for 2011/12, and asks Members to recommend to Council approval of the budget proposals as outlined in the report and set out in detail within the financial strategy.

A copy of this report will be sent to all Members.

11. Treasury Management Strategy Statement and Prudential Indicators for 2011/12 to 2015/16 (Pages 221 - 256)

This report asks the Executive to recommend that Council approve the Integrated Treasury Management Strategy Statement and Proposed Prudential Indicators for 20010/11 to 2014/15.

12. Creating a Local Authority Company (Pages 257 - 274)

This report seeks approval for the creation of a local authority company, through which the Council will be able to provide services and carry out works for profit on behalf of other public bodies and private organisations.

13. Review of Directorate of City Strategy (Pages 275 - 298)

This report sets out proposals for amending the City Strategy Directorate structures to reduce costs and to provide for a more streamlined and effective approach to service delivery.

14. Urgent Business

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

Democracy Officer:

Name: Fiona Young
Contact details:

- Telephone – (01904) 551027
- E-mail – fiona.young@york.gov.uk

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

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

Contact details are set out above.

About City of York Council Meetings

Would you like to speak at this meeting?
If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than** 5.00 pm on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088

Further information about what's being discussed at this meeting
All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements
We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

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Holding the Executive to Account
The majority of councillors are not appointed to the Executive (40 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Decision Session) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees
The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
- Public libraries get copies of **all** public agenda/reports.

City of York Council — Committee Minutes

MEETING	EXECUTIVE
DATE	1 FEBRUARY 2011
PRESENT	COUNCILLORS WALLER (CHAIR), AYRE, STEVE GALLOWAY, MOORE, MORLEY, REID AND RUNCIMAN

149. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda. No interests were declared.

150. MINUTES

RESOLVED: That the minutes of the Executive meeting held on 18 January 2011 be approved and signed by the Chair as a correct record.

151. PUBLIC PARTICIPATION

It was reported that there had been seven registrations to speak at the meeting under the Council's Public Participation Scheme, all in relation to agenda item 5 (Minutes of Working Groups), and specifically the recommendation of the Local Development Framework Working Group (LDFWG) to implement an Article 4 Direction in respect of Houses in Multiple Occupation (HMOs).

Tim Ngwena spoke against the LDFWG recommendation on behalf of the University of York and University of York St John Students' Unions. He accepted residents' legitimate concerns about the concentration of student lettings in the City but felt that these should be addressed by other means, including active engagement with the Universities and Students' Unions.

Mark Warters spoke in favour of the LDFWG recommendation, noting that an Article 4 Direction would put control back in the hands of residents and highlighting the approval of the new University development at Heslington as a major factor in the current shortage of student accommodation.

Paul Fletcher, of the Residential Landlords Association, spoke against the recommendation, on the basis that implementing an Article 4 Direction across the whole City would lead to increased homelessness. He noted that training to help students to respect their neighbourhoods would be more effective in addressing residents' concerns.

Niall McTurk, the Chairman of York Residential Landlords Association (YRLA), spoke against the recommendation, on the basis of the detrimental effect it would have on the private rented sector in York. He submitted a petition signed by 585 people and announced the intention of the YRLA to mount a legal challenge to the implementation of an Article 4 Direction.

Phil Stephenson spoke against the recommendation, as a member of the YRLA and a Freeman of the City of York. He stated that an Article 4 Direction would effectively disadvantage certain ethnic and age groups and urged that further consultation be carried out.

Steve Boldison, the Director of York Property Company, spoke against the recommendation, highlighting the potential effects of an Article 4 Direction on non-student lettings of HMOs and objecting to its implementation without further consultation.

The seventh registered speaker did not attend the meeting.

The Chair also acknowledged the written representations submitted in respect of this item by Zelinda de Cruz, Ben Saxton, John Zimnoch and Michael Cain, which had been circulated to Members.

152. EXECUTIVE FORWARD PLAN

Members received and noted details of those items currently listed on the Forward Plan for the next two Executive meetings.

153. MINUTES OF WORKING GROUPS

Members considered a report which presented the minutes of the meetings of the Local Development Framework Working Group (LDFWG) held on 13 December 2010 and 10 January 2011. The minutes were attached as Annexes A and B to the report.

Attention was drawn in particular to the recommendations contained in Minute 27 of the meeting on 13 December and Minutes 31 and 32 of the meeting on 10 January, as summarised below:

Minute 27, Annex A (Towards a York Economic Vision) – to approve the vision document for further stakeholder and public consultation.[1]
Minute 31, Annex B (Houses in Multiple Occupation and Article 4 Directions – to progress the implementation of a city-wide Article 4 Direction, covering the main urban area, and for Officers to continue working with stakeholders to establish detailed planning guidance and consider ways of mitigating the effects of concentrations of short-term lets on local neighbourhoods. The original report to the LDFWG on this item was attached as Annex C.[2]
Minute 32, Annex B (Biodiversity Audit) – to approve the Biodiversity Audit for publication as part of the LDF evidence base and approve the list of sites in Appendix 1 for formal recognition as Sites of Importance for Nature Conservation.[3]

With regard to the comments made under Public Participation in respect of Minute 31, the Chair noted that, should the recommendation be approved, there would be a formal consultation period of 12 months during which stakeholders' concerns could be discussed. He hoped that those who had made submissions to date would continue to take part in these discussions.

Having noted the comments of the Labour Group Spokespersons on this item, it was

RESOLVED: That the recommendations made by the LDF Working Group at their meetings on 13 December 2010 and 10 January 2011 be approved. [1-3]

REASON: In accordance with the requirements of the Council's Constitution in relation to the role of Working Groups and having regard to the reasons given by the LDFWG for their recommendations.

Action Required

1. Carry out consultation on 'Towards an Economic Vision' .	DG
2. Take action to progress the implementation of a City-wide Article 4 direction and work with stakeholders, as agreed.	MG
3. Publish the Biodiversity Audit as part of the LDF evidence base, including list of sites in Appendix 1 as Sites of Importance for Nature Conservation.	BM

154. RACE ONLINE 2012

Members considered a report which sought approval to sign up the City of York Council as an official partner in Race Online 2012.

The Race Online 2012 partnership campaign had been launched in March 2010. It aimed to join up existing community ICT infrastructures, to help the 9 million adults in the UK who had never used the internet to get online. City of York Council already supported digital inclusion in various ways, via the Library Service, Adult & Community Education and Future Prospects.

Once the Council was signed up as a partner to Race Online, the Library Service and Adult Education would develop an action plan and take a lead role in encouraging other partners and organisations to sign up. In developing the plan a number of actions had already been identified, including linking digital inclusion to the Sustainable Community Strategy, running a series of roadshows to promote the benefits of being online and developing the use of libraries as key access points to government and council services.

Officers at the meeting provided an update on progress with the Council's Fibre Network project, and other work being carried out by local and national telecommunication providers to expand access to fast broadband within York and the surrounding areas.

Having noted the comments of the Labour Group Spokespersons on this item, it was

RESOLVED: (i) That approval be given to pledge the Council to be an Official Partner in the Race Online 2012 Campaign. [1]

(ii) That approval be given for Libraries and Adult and Community Education to lead on developing partnerships to make York a digitally inclusive city. [2]

REASON: To inspire, encourage and support people to go online and enable all residents to secure the many benefits of being able to access the internet.

(iii) That Officers be requested to provide a further report on measurements of digital inclusion, including steps taken to improve internet connectivity, and access to the internet amongst older residents and lower income families. [3]

REASON: To ensure that these issues are being adequately addressed and monitored.

<u>Action Required</u>

1. Pledge the Council as an Official Partner in Race Online	FW
2. Take action to develop partnerships to make York a digitally inclusive city	FW
3. Schedule report on measurements of digital inclusion etc on Forward Plan for a future Executive meeting	FW

A Waller, Chair
[The meeting started at 2.00 pm and finished at 2.50 pm].

Executive Meeting 15 February 2011

EXECUTIVE FORWARD PLAN (as at 14 January 2011)

Table 1: Items scheduled on the Forward Plan for the Executive Meeting on 1 March 2011		
Title & Description	**Author**	**Portfolio Holder**
Local Development Framework – Submission Draft *The purpose of this report is to request that Members of the Council's Executive approve the draft LDF Core Strategy Submission document for consultation. Following consultation the document will be submitted for public examination.* *Members are asked to consider the Core Strategy along with the associated legal advice and minutes of the LDF Working Group. They are requested to approve the document, along with any appropriate changes for public consultation.*	Martin Grainger	Executive Member for City Strategy

Table 2: Items scheduled on the Forward Plan for the Executive Meeting on 15 March 2011		
Title & Description	**Author**	**Portfolio Holder**
Update on the Reablement Service *Purpose of report: This report is requested by Executive to update on recommendations relating to the Reablement report to Executive on 14 December 2010.* *Members are asked to: Consider the update*	Anne Bygrave	Executive Member for Health and Adult Social Services
Draft Framework for York Low Emission Strategy *Purpose of report: This report presents a draft framework for the York Low Emission Strategy (LES) to be taken forward for public consultation in 2011. It presents an outline of the proposed measures and actions and suggested timescales for their implementation.* *Members are asked to: Agree the proposed measures and actions*	Mike Southcombe/ Elizabeth Bates	Executive Member for Neighbourhoods and Housing

The Education White Paper: City of York response *Purpose of report: The Schools White Paper : "The Importance of Teaching" was published on the 24 November. This paper describes the steps that have taken place between the Local Authority and the school community to respond to the direction of travel described in the document.* *Members are asked to: Consider the recommendations*	Pete Dwyer	Executive Member for Children and Young People's Services
City of York Local Transport Plan 3 *Purpose of report: The City's current Local Transport Plan (LTP2) is due to expire in March 2011. This report seeks Executive's approval to recommend LTP3 be adopted by Full Council on 7 April 2011.* *Members will be asked to: Note the contents of the report and recommend LTP3 be adopted by Full Council on 7 April 2011.*	Ian Stokes	Executive Member for City Strategy

Agenda Item 5

CITY OF YORK COUNCIL

Executive **15 February 2010**

Report of the Director of Customer & Business Support Services

CAPITAL PROGRAMME – MONITOR THREE

Report Summary

1. The purpose of this report is to:

   - Inform Members of the likely outturn position of 2010/11 Capital Programme based on the spend profile and information to mid January 2011;

   - Inform the Executive of any under or overspends and seek approval for any resulting changes to the programme;

   - Inform the Executive of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this;

   - To inform Members of the funding position of the capital programme, taking account of the current capital receipts forecasts for the capital programme.

2. The 2010/11 – 2014/15 capital programme was approved by Council on 25th February 2010. Since then a number of amendments have taken place as reported to the Executive in the 2009/10 Capital Programme Monitor 3 report, the 2009/10 Capital Programme Outturn report and the 2010/11 Capital Programme Monitor 1 and 2 report. The changes made as result of the above papers have resulted in a current approved capital programme for 2010/11 of £73.306m, financed by £37.818m of external funding, and internal funding of £35.488m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 2.

	Gross Budget £m	External Funding £m	Internal Funding £m
Original Budget Approved by Council at 25 Feb 2010	**73.298**	**38.880**	**34.418**
Amendments from 2009/10 Monitor 3 report	5.324	3.390	1.934
Amendments from 2009/10 Outturn report	3.357	1.372	1.985
Amendments from 2010/11 Monitor 1 report	(0.447)	0.114	(0.561)
Amendments from 2010/11 Monitor 1 report	(8.226)	(5.938)	(2.288)
Current Approved Capital Programme	**73.306**	**37.818**	**35.488**

Table 1 Current Approved Capital Programme

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 25 February 2010. 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

4. The information contained within this report reflects all the latest known information following the Budget Settlement in relation to the Councils capital programme. As further information becomes available Members will be updated to ensure they are kept abreast of the latest changes and the resultant impact on the programme.

5. A decrease of £8.38m is detailed in this monitor that results in a revised capital programme budget of £64.926m; £6.446m higher than the 2009/10 capital outturn of £58.480m.

6. Against the current approved budget post 2010/11 Monitor 1 of £73.306m, there is a predicted outturn of £64.926m, a net decrease of £8.38m made up of:
   - Adjustments to schemes decreasing budgeted expenditure by £523k.
   - Reprofiling of £7.857m of schemes into future years

   Table 2 outlines the variances reported against each portfolio area.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
ACE	Children's Services	26.797	24.645	(2.152)
ACE	Adult Social Services	0.941	0.876	(0.065)
CANS	Leisure and Culture	4.388	2.971	(1.417)
CANS	Neighbourhood Services	8.879	6.957	(1.922)
CANS	Housing	10.517	9.492	(1.025)
City Strategy	City Strategy (P&T)	5.986	5.926	(0.060)
City Strategy	City Strategy (Admin Accom)	11.251	10.651	(0.600)
City Strategy	City Strategy (Economic Development)	0.035	0.035	0.000
City Strategy	Property Services	2.063	1.264	(0.799)
CBSS	Resources	1.894	1.594	(0.300)
CBSS	Miscellaneous (Contingency etc)	0.555	0.515	(0.040)
	Total	**73.306**	**64.926**	**(8.38)**

Table 2 Capital Programme Forecast Outturn 2010/11

7. To the mid point in January there was £39.132m of capital spend representing 53% of the monitor 3 budget.

8. The 2010/11 capital programme will contribute toward the Corporate Strategy, some of the existing schemes are:

   a. Works totalling £1.8m on New Deals for Schools (NDS) modernisation programmes has allowed schools to invest in buildings, grounds and ICT equipment enabling schools to improve their pupils' educational standards.

   b. Projected spend of £1.3m on the New Deals for Schools (NDS) devolved capital programmes provided schools with direct funding for the priority capital needs of their buildings (capital repair, remodelling or new build) and investment in ICT equipment. Many schools use their allocations to contribute to larger projects at their school within the Children's Services capital programme.

c. Budgeted spend of £3.1m on Targeted Capital Fund (TCF) schemes. TCF supports projects which provide good evidence of educational improvement as a result of the investment, and which might not otherwise be supported through formulaic allocations to Local Education Authorities and schools.

d. Projected spend of £7.8m in this financial year to transform the physical appearance of primary schools and equip schools for the 21st century through the widespread use of information technology (IT) to improve the teaching and learning experience through personalised learning and thereby raising student attainment levels.

   Planning permission was granted for the replacement of Clifton without Junior and Rawcliffe Primary on 29 April 2010 and work started on site in July in preparation for the construction of the new school. It is expected that it will be complete by September 2011, when pupils will move into their new school and the old buildings will be vacated. The Rawcliffe building will then be demolished and the site landscaped. The Clifton Without building is due to be handed over to Canon Lee School and its partners.

   The development of the new Primary School to replace our Lady's and English Martyrs is currently being managed by the RC Diocese. Planning permission was submitted in July and was granted in September. Work commenced on site in November 2011 with completion estimated in spring 2012.

e. The first phase of the refurbishment of the Yorkshire Museum (the biggest since it opened in 1830) has been completed. This phase totalled £2.01m with the Trust obtaining £1.26m in grants and other fundraising activities with the remaining £750k provided from the council's capital programme as matched funding. The Museum closed in November 2009 whilst the work was carried out and reopened on 1st August 2010.

f. The progression of works that will see the Barbican re-opened following a programme of refurbishment work including the creation of a new entrance along with new signage, enhanced foyer and concourse area, lighting and contemporary new furniture, refurbished bar areas and function and meeting rooms. The Barbican will offer a diverse programme of events taking advantage of the venue's seated and standing formats. The opening season will include comedy, a range of music events, snooker, family shows and community events. The annual Festival of Remembrance and the Lord Mayor's Carol Concert will return to the Barbican as a regular part of the programme, as will the Guildhall Orchestra.

g. Works totalling £1.4m on capacity improvements to the A19/A1237 roundabout will be provided by the introduction of additional approach and exit lanes on the A1237 and A19 North. Substantial eastbound and southbound journey time improvements are predicted.

h. Projected spend of £1.1m on the remaining three sections of the Orbital Cycle Route will be completes: Crichton Avenue to Clifton Green, Hob Moor to Poppleton Rd (Water End), James Street (Hazel Court) to Millennium Bridge. The elements of the scheme to be delivered in 2010/11 includes approximately 1km of off-road cycle track, remodelling of the Lawrence Street/James Street junction, signalised crossings of Water Lane and Acomb Road and improvements to road crossings at other locations. Signs and on road cycle lanes will be provided where necessary around the entire route.

i. Schemes in housing will see over 1500 individual works completed on the Council houses.

Analysis

9. A summary of the key exceptions and implications on the capital programme are highlighted below.

ACE - Education and Children's Services

10. The current approved capital programme for Education and Children's services for 2010/11 is £26.797m following the adjustments made as a result of the 2010/11 Monitor 2 report. As a result of changes made at the third monitor, the 2010/11 capital programme will decrease by £2.152m to £24.645m. Table 3 gives a summary of the changes on a scheme by scheme basis.

Gross Children's Services Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**26.797**	**11.356**	**10.356**	**10.356**	**10.356**	**69.221**
Adjustments:						
NDS Devolved Capital		(1.028)	(1.028)	(1.028)	(1.028)	**(4.112)**
Targeted Capital Fund 14-19 Diploma		(3.600)	(3.600)	(3.600)	(3.600)	**(14.400)**
NDS Modernisation		1.638	1.638	1.638	1.638	**6.552**
Schools Access Initiative	(0.100)	(0.173)	(0.173)	(0.173)	(0.173)	**(0.792)**
Sure Start		(0.635)	(0.635)	(0.635)	(0.635)	**(2.540)**
Extended		(0.082)	(0.082)	(0.082)	(0.082)	**(0.328)**

Schools						
Primary School Strategic Programme	0.100	(3.227)	(3.227)	(3.227)	(3.227)	**(12.808)**
Specialist Schools Status	0.020					**0.020**
Basic Need		2.334	2.334	2.334	2.334	**9.336**
Reprofiling:						
Targeted Capital Fund 14-19 Diploma	(1.200)	1.200				**0.000**
Extended						
Primary School Strategic Programme	(0.700)	0.700				**0.000**
Aiming high for disabled children short breaks	(0.072)	0.072				**0.000**
Applefields School - Co Location	(0.200)	0.200				**0.000**
Revised Capital Programme	**24.645**	**8.755**	**5.583**	**5.583**	**5.583**	**50.149**

Table 3 Education and Children's Services Capital Programme 2010-2015

11. Outside of the funding switch between the Schools Access Initiative and the Primary School Strategic Programme the reductions in funding in future years is reflective of the 11/12 and projected future years finance settlement and represents a net decrease in funding of £19.092m.

12. Within the overall Targeted Capital Fund 14-19 Diploma scheme is the improvement / extension to Applefields School of £1.5m that will not commence on site until early 2011/12, therefore a significant element of this budget will now be required to be slipped into 2011/12. Further work is being carried out at Canon Lee and Huntington Schools which is expected to be complete in 2010/11.

13. In relation to the Primary School Strategic Programme work is progressing on site at the new Clifton with Rawcliffe School, and work has now begun on the second new school which is a merger of Our Lady's and English Martyrs. Due to a longer negotiation of contract than expected and the timing of the granting of planning permission £700k of budgeted expenditure will need reprofiling to 2011/12.

14. The aiming high for disabled children short breaks programme is planned to be spent on an extension to the Glen. Planning committee approved

the revised plans in December and work has begun on site. However the delay means that the work will not be completed until May 2011, resulting in a requirement for some reprofiling.

ACE – Adult Social Services

15. The approved capital programme for Adult Social Services is £941k following the adjustments made as a result of the 2010/11 Monitor 1 report. As a result of this monitor the capital programme in year will decrease £65k to £876k. Table 4 gives a summary of the approved programme.

Gross Social Services Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**0.941**	**0.235**	**0.245**	**0.255**	**0.255**	**1.931**
Adjustments:						
Joint Equipment Store/CELS	(0.024)					**(0.024)**
Day Service Modernisation	0.178					**0.178**
H&S Works at Social Services Establishments	0.029					**0.029**
Reprofiling:						
Information Management Improvements	(0.040)	0.040				**0.000**
ASC IT grant	(0.018)	0.018				**0.000**
Day Service Modernisation	(0.096)	0.096				**0.000**
H&S Works at Social Services Establishments	(0.094)	0.094				**0.000**
Revised Capital Programme	**0.876**	**0.483**	**0.245**	**0.255**	**0.255**	**2.114**

Table 4 Social Services Capital Programme 2010 – 2015

16. In relation to the Community Equipment Loans Store demand has not been as high this year as anticipated. Funding will be needed in future years as the drive to keep people in the community will mean increased demand for large items of equipment to enable them to remain in their own homes and living as independently as possible.

17. The Day Service modernisation scheme has new income comprised of £104k Social Care Single Capital Pot in addition to the previously unallocated £65k carry fwd and £9k contribution from PCT re work

undertaken at Sycamore House. The grant funding ceases in 10/11 so any slippage will be used in future years to assist with modernising our day services so they meet future customer needs.

18. The Health And Safety at establishments scheme will be receiving the £94k Mental Health Single Capital Pot to be received end of Jan, beginning of Feb 11. This funding is typically used to meet any unplanned H&S work needed at Council establishments but this year the day service modernisation funds have been used to finance any works. The reprofiled budget will be used to fund ad hoc, unplanned works in the future and it should be noted the grant is no longer available post 10/11 financial year.

CANS - Leisure and Culture

19. The approved capital programme for Leisure and Culture services is £4.388m following the adjustments made as part of the 2010/11 Monitor 2 report. As a result of changes made in this monitor, the capital programme will decrease by £1.417m to £2.971m. Table 5 gives a summary of the changes on a scheme by scheme basis.

Gross Leisure and Culture Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**4.388**	**3.690**	**0.510**	**0.000**	**0.000**	**8.588**
Adjustments:						
Millfield Lane Community Sports Centre	(0.170)					**(0.170)**
Parks And Open Spaces	0.026					**0.026**
DCSF Wave 2 Playbuilder	0.032					**0.032**
Self Issue Librabry Machine	0.126					**0.126**
Barbican Auditorium	(0.026)					**(0.026)**

York Museums Trust Warehouse Acquisition	(0.525)					**(0.525)**
Reprofiling:						
York Pools Strategy	(0.050)	0.050				**0.000**
Millfield Lane Community Sports Centre	(0.210)	0.210				**0.000**
Self Issue Library Machine	(0.066)	0.066				**0.000**
Barbican Auditorium	(0.554)	0.554				**0.000**
Revised Capital Programme	**2.971**	**4.570**	**0.510**	**0.000**	**0.000**	**8.051**

Table 5 Leisure and Culture Capital Programme 2010 - 15

20. In relation to Milfield Lane Community Centre scheme the partnership with Manor School, Diocese of York, and Poppleton Football Club the Council is contributing £200k towards the building of changing rooms at Manor School which will now occur in the next financial year. CYC is also purchasing a piece of land next to Manor School £170k which will then leased to the football club. The purchase is expected to be completed by the end of the financial year. The grant (now £250k of which the Council was showing £170k in the programme) from the football foundation has gone to the football club as partnership scheme. The s106 contribution will be used to help development football pictures in the new financial year. Due to delays encountered by the Diocese the Councils contribution will not be required until 2011/12 and therefore needs reprofiling accordingly.

21. For the Parks and Open Spaces schemes a further payment of £2.5k has been made to Strensall & Towthorpe Parish Council in order to repair Durlston Drive sports facility. Hull Road Park tennis courts have had £6.25k spent on repairs and Clarence Park paths have had £18.1k spent on maintenance. All these payments have been funded by S106 contributions.

22. The DCSF Wave 2 Playbuilder has 8 play schemes in process this year. Haxby, Garnet Terrace, Bell Farm, Hull Road Park and Strensall schemes have had the contractor appointed and February / March build expected. The Chapelfields scheme has the contactor appointed and planning permission is now being sought. The Heworth Without scheme has the design criteria agreed with the Parish Council and is out to tender this week. Planning permission not required. An additional £32k has been funded from S106 contributions.

23. Self Issue Library Machine - Following the approval of introducing the machines in four of the larger libraries, at Haxby, Clifton, Tang Halll and Fulford, there has been an extended lead-time for the procurement of the machines. They are now expected to be installed in May and therefore £66k is to be slipped into 2011/12. There have been a small additional expense on installing the machines at Acomb and York of £2k. All the self-issuing machines are to be funded by prudential borrowing, paid for via the savings generated within the Library revenue budget by the use of these machines. The machines are transferable between libraries.

24. The success of the self-issue machines in York Central and Acomb Libraries and the approval in Capital Monitor 2 of self-issue library machines to be introduced in Haxby, Clifton, Tang Hall and Fulford has prompted the Library service to further look at now introducing the machines in a further eight locations across York at a cost of £124k. This cost will also be funded from prudential borrowing, paid for by the savings to be generated in 2011/12. To ensure these savings are realised, due to the lead in time for the order of the self-issuing machines being circa 3 months, approval is requested in this report.

25. Work on the Barbican Auditorium refurbishment is due to start in February and carry on into the new financial year. An initial contribution from the operator of £500k is due on commencement. The balance of £48k is due around the time of reopening in the middle of the year. The total capital scheme is reduced down to £1,661k by £26k as some of the planned expenditure will now be dealt with within revenue existing revenue budgets.

26. The York Museums Trust Warehouse acquisition scheme has not been progressed following analysis of the business case and is therefore removed from the capital programme

CANS - Neighbourhood Services

27. The approved capital programme for Neighbourhood services is £8.879m following the adjustments made as a result of the Monitor 2 report. As a result of this monitor, the capital programme will increase by £1.922m to £6.957m. Table 6 gives a summary of the changes on a scheme by scheme basis.

Gross Neighbourhood Services Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**8.879**	**5.975**	**3.220**	**3.308**	**3.401**	**24.783**
Adjustments:						
Highway		0.180	0.020	(0.102)	(0.267)	**(0.169)**

Resurfacing & Reconstruction						
Special Bridge Maintenance	(0.028)					**(0.028)**
Winter Resilience	0.028					**0.028**
Reprofiling:						
Eco Depot Security Gate / Reception	(0.206)	0.206				**0.000**
Crematorium	(1.716)	1.716				**0.000**
Revised Capital Programme	**6.957**	**8.077**	**3.240**	**3.206**	**3.134**	**24.614**

Table 6 Neighbourhood Services 2010 – 2015

28. A number of minor amendments have been made in relation to the Highway Resurfacing & Reconstruction expenditure levels reflecting the shift of funding from government supported borrowing to grant.

29. The Eco Depot Security Gate / Reception scheme is currently in the detailed design stage and is anticipated planning application will be made in February 2011 followed by tender process. No build on the scheme is anticipated until 2011/12 and so the scheme will need reprofiling into 11/12

30. The scheme for works to the Crematorium was approved for inclusion in capital programme as part of 2010/11 monitor 2 and is currently being scoped with significant expenditure not anticipated until 2011/12 and 2012/13. It is currently difficult to split the allocation of spend between the 2 years and is shown in 11/12 for the purpose of this update. As a result £1.716m of this scheme needs reprofiling to 11/12.

31. The special bridge maintenance scheme has a forecast under spend of £28k. A virement, approved in accordance with financial regulations by the Director of Customer Business and Support Services, has occurred in 2010/11 to redirect this under spend to a winter resilience provision. This capital investment will be used on weather station camera's £13k, salt bins £12k and snow ploughing equipment £3k.

CANS - Housing

32. The approved capital programme for Housing services is £10.517m following the adjustments made as part of the 2010/11 Monitor 2 report. As a result of this monitor, the capital programme will decrease by £1.025m to £9.492m Table 7 gives a summary of the currently approved budget across the programme years.

Gross Housing Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**10.517**	**9.541**	**9.028**	**10.923**	**8.722**	**48.731**
Adjustments:						
Modernisation of Local Authority Homes	0.005					**0.005**
Repairs to Local Authority Properties	(0.061)					**(0.061)**
Major Repairs Allowance	(0.009)					**(0.009)**
Hsg Grants and Associated Investments		(1.000)	(1.050)	(1.100)	(1.100)	**(4.250)**
James Street Travellers Site Flood Works	0.040					**0.040**
Reprofiling:						
Local Authority Homes	(1.000)	1.000				**0.000**
Current Approved Capital Programme	**9.492**	**9.541**	**7.978**	**9.823**	**7.622**	**44.456**

Table 7 Housing Capital Programme 2010 - 2015

33. Excluding the minor amendments and the Housing Grants and Associated Investments adjustments above the Local Authority Homes scheme requires a reprofiling to reflect the delay in starting due to having to re-bid after original funding was withdrawn.

34. The Housing Grants and Associated Investments adjustments reflect the reduction in grant to be received from central Government over future years in line with the settlement information.

35. In relation to the James Street Travellers Site flood defence works increased funding is required as the wall itself is now proposed to be of a higher specification than first anticipated in order that it fully alleviates the flooding problem. The quotations received are also more than estimated due to an higher than expected premium included in the pricing for the works being at a travelers site. It should be noted that major flooding at the site has occurred twice in the last 10 years and it cost the Council approx £25k last time. If Members chose to approve this scheme the total value for the scheme would be £70k and the contingency fund is the

recommended source of financing if the scheme additional funds are approved.

City Strategy (Planning & Transport)

36. The current approved capital programme for City Strategy is £5.986m following the adjustments made as part of the 2010/11 Monitor 2 report. As a result of changes contained in the Monitor 2 report the capital programme will decrease by £0.060m to £5.926m. Table 8 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**5.986**	**5.490**	**16.590**	**8.874**	**0.090**	**37.030**
Adjustments:						
Local Transport Plan (LTP)		(0.051)	(0.048)	(0.048)	2.623	**2.476**
Reprofiling:						
Local Transport Plan (LTP)	(0.060)	0.060				**0.000**
Revised Capital Programme	**5.926**	**5.499**	**16.542**	**8.826**	**2.713**	**39.506**

Table 8 City Strategy Capital Programme 2010-15

37. The decrease in future years in relation to the LTP up to 2014/15 reflects the latest funding allocations following the Settlement. £60k of funding is required to be reprofiled from 10/11 to 11/12 due to the slower than anticipated progress on the Library Square scheme due to the weather affecting resources and additional time taken to resolve equalities impact issues.

Administrative Accommodation

38. The current approved capital programme for Admin Accom is £38.488m (10/11 – 13/14 element of spend) following the adjustments made as part of the 2010/11 Monitor 2 report. As a result of changes contained in this report this capital scheme has been reprofiled and remains at the total budget of £43.804m. Table 9 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**11.251**	**10.863**	**14.906**	**1.468**	**0.000**	**38.488**

Reprofiling:						
Admin Accom	(0.600)	0.600				**0.000**
Revised Capital Programme	**10.651**	**11.463**	**14.906**	**1.468**	**0.000**	**38.488**

Table 9 Admin Accom Capital Programme 2010-15

39. The construction works have been rescheduled to start later in 2010/11, requiring part of the budget to be reprofiled into 2011/12, due to the land being purchased slightly later than anticipated. The Administrative Accommodation project will still be completed in the required timescale.

City Strategy – Economic Development

40. The current approved capital programme for Economic Development is £0.035m following the adjustments made as part of the 2010/11 Monitor 2 report. There are no changes as a result of this report and remains at £0.035m. Table 10 gives a summary of the budgeted profile.

Gross City Strategy Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**0.035**	**0.058**	**0.000**	**0.000**	**0.000**	**0.093**

Table 10 Economic Development Capital Programme 2010-15

City Strategy – Property

41. The current approved capital programme for Property budget is £2.063m following the adjustments made as part of the 2010/11 Monitor 2 report. As a result of changes contained in the Monitor 3 report the capital programme will decrease by £799k to £1.264m. Table 11 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**2.063**	**1.330**	**0.080**	**0.000**	**0.000**	**3.473**
Adjustments:						
Reprofiling:						
Acomb Office	(0.144)	0.144				**0.000**
Riverbanks Repairs	(0.655)	0.655				**0.000**
Revised Capital Programme	**1.264**	**2.129**	**0.080**	**0.000**	**0.000**	**3.473**

Table 11 City Strategy - Property Capital Programme 2010-15

42. The Acomb Office scheme requires reprofiling into 11/12 as the acquisition of the site is subject to planning permission being granted and will not take place until summer 2011. Prior to submission of the planning application negotiation continues regarding the contract of sale for the required land. In addition discussion with partners, through the newly created Asset Board, continues as to their requirements. Accordingly the budget will need reprofiling into 11/12.

43. Work carried out in respect of the Riverbanks Repairs requires reprofiling to 11/12 as tenders are not due to be received until the end of January 2011. This engineering job needs to take account of the weather conditions due to the work being in water conditions in the middle of winter and therefore the lead in times post the award of the contract are unlikely to see the contractor on site before March 2011.

CBSS - IT

44. The current approved capital programme for the IT Development is £1.894m. As a result of changes contained in the Monitor 3 report the capital programme will decrease by £300k to £1.594m. Table 12 gives a summary of the changes on a scheme by scheme basis.

Gross IT devpt Fund Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Approved Capital Programme	**1.894**	**1.000**	**1.000**	**1.000**	**1.000**	**5.894**
Reprofiling:						
IT Dvpt Fund	(0.300)	0.300				**0.000**
Revised Capital Programme	**1.594**	**1.300**	**1.000**	**1.000**	**1.000**	**5.894**

Table 12 CBSS – IT Development Fund Capital Programme 2010-2015

45. At this stage of the monitoring cycle, there is a requirement to reprofile the IT Development Fund by £300k. IT Development plan is being reviewed with directorates, and currently it is not anticipated that any new projects will commence in the current financial year.

Remaining Schemes

46. The £40k movement on Miscellaneous reflects the use of £40k of contingency funding for James Street Travellers site flood wall defences.

Summary

47. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 13.

Gross Capital Programme	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Current Programme	**73.306**	**53.538**	**55.935**	**36.184**	**23.824**	**242.787**
Adjustments :						
ACE - Children's Services	(2.152)	(2.601)	(4.773)	(4.773)	(4.773)	(19.072)
ACE – Adult Social Services	(0.065)	0.248	0.000	0.000	0.000	0.183
CANS – Leisure and Culture	(1.417)	0.880	0.000	0.000	0.000	(0.537)
CANS - Neighbourhood Services	(1.922)	2.102	0.020	(0.102)	(0.267)	(0.169)
CANS – Housing	(1.025)	0.000	(1.050)	(1.100)	(1.100)	(4.275)
City Strategy - P&T	(0.060)	0.009	(0.048)	(0.048)	2.623	2.476
City Strategy - Admin Accom	(0.600)	0.600	0.000	0.000	0.000	0.000
City Strategy - (Economic Development)	0.000	0.000	0.000	0.000	0.000	0.000
City Strategy - Property Services	(0.799)	0.799				0.000
CBSS – IT Development Fund	(0.300)	0.300				0.000
Miscellaneous (Contingency etc)	(0.040)					(0.040)
Revised Programme	**64.926**	**55.875**	**50.084**	**30.161**	**20.307**	**221.353**

Table 13 Revised 5 Year Capital Programme

Funding the 2010/11 – 2014/15 Capital Programme

48. The 2010/11 capital programme of £64.926m is currently being funded from £35.020m external funding and £29.906m of internal funding. The internal funding is comprised of revenue contributions, supported capital expenditure, venture fund, right to buy receipts, capital receipts and prudential borrowing.

49. Table 14 shows the projected call on Council resources going forward.

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Gross Capital Programme	**64.926**	**55.875**	**50.084**	**30.161**	**20.307**	**221.353**
Funded by:						
External Funding	35.020	20.302	27.458	22.373	16.056	
Council Controlled Resources	29.906	35.573	22.626	7.788	4.251	
Total Funding	**64.926**	**55.875**	**50.084**	**30.161**	**20.307**	**221.353**

Table 14 – 2010/11 –2014/15 Capital Programme Financing

50. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle resulting in additional funding pressures based on current projections. The capital programme continues to place reliance on the achievement of a small number of high asset disposals which have been affected by the economic downturn.

51. As reported in the 2010/11 – 2014/15 Capital Budget report approved by Full Council on 25 February 2010, the Council had a capital receipts requirement of £28.477m to fund new capital schemes. It was reported that based on projections at the time that the value of the assets to be disposed of was £24.704m leaving a shortfall of £3.773m. The reduced asset value was reflective of property market conditions at that time and it was accepted that over the medium term the asset values would rise to match the required value of £28.477m. As a result the decision was taken to hold the sale of assets where it was not in the interest of the Council to dispose. This places pressure in terms of funding the new capital schemes which is currently using temporary prudential borrowing to fund the programme until such time when the receipts are realised and used to repay the borrowing.

52. The monitor 3 position is for a required level of receipts of £26.659m with an expected receipt value of £24.248m leaving a temporary shortfall of £2.411m. Table 15 shows the position at monitor 2 against the budget setting position.

	Capital Budget Report 10/11 – 14/15	Capital Monitor 3 Report 10/11 – 14/15	Movement
	£m	£m	£m
Receipts Required	28.477	26.659	-1.818

Receipts Forecast	24.704	24.248	-0.456
Temporary Shortfall	3.773	2.411	-1.362

Table 15 – Council Receipts Requirement 2010 - 15

53. The movement of £1.818m is made up of 3 parts. The first is that since the Capital Programme budget report was approved in February there has been a number of schemes that have not required the capital receipts funding initially required, these total £664k. Secondly a level of receipts have been received and applied to finance the capital programme as part of the 2009/10 Capital Programme Outturn report thus reducing the receipts required by a further £1.130m. The third part refers to a reduction in receipts reflecting the programme changes above. The three parts total to £1.818m.

54. The temporary shortfall continues to be managed using discretionary prudential borrowing with the associated revenue implications being reported through the treasury management budget. To date £11.810m of borrowing has been used to cover the shortfall of receipts.

Corporate Priorities

55. 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 contribute toward the achievement of the corporate strategy.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

62. The property implications of this paper are included in the main body of the.

Risk Management

63. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Corporate Asset Management Group (CAMG) meets regularly to plan monitor and review major capital receipts to ensure that all capital risks to the Council are minimised.

Recommendations

64. The Executive is requested to:

- Recommend to Full Council the net adjustments of (£8.504m) in 2010/11, £2.337m in 2011/12, (£5.851m) in 2012/13, (£6.023m) in 2013/14 and (£3.517m) 9n 2014/15 which are set out on a scheme by scheme basis in the above paragraphs and contained in Annex A.

- Note the 2010/11 revised budget of £64.802m as set out in paragraph 6 and Table 2.

- Note the restated capital programme for 2010/11 – 2014/15 as set out in paragraph 45, Table 13 and as set out in detail in Annex A.

- Approve the use of an additional £124k of Prudential Borrowing for the funding of Self Issue Library machines which generates future savings and is detailed in paragraph 24.

- Note the under spend of £28k in the special bridge maintenance scheme which has been transferred to a winter resilience approved in accordance with financial regulations by Director of Customer & Business Support Services as detailed in paragraph 30.

- Approve the use of capital contingency to the value of £40k to enable the James Street Travellers Site Flood Defence work to progress.

Reason: to enable the effective management and monitoring of the Council’s capital programme.

Contact Details

Author: Ross Brown Principal Accountant Corporate Finance Tel No. 551207 Louise Branford-White Technical Finance Manager Corporate Finance Tel No. 551187	**Chief Officer Responsible for the report:** Ian Floyd **Report Approved** *Tick* **Date** *28/01/11* Keith Best Assistant Director of Customer & Business Support Services - Finance **Report Approved** √ **Date** *28/01/11*

Specialist Implications Officer(s)

N/a

Wards Affected: **All** √

For further information please contact the author of the report

Background Papers:

Budget Control 2010
Departmental Capital Pro-forma

Annexes
Annex A – Restated Capital Programme 2010/11 to 2014/15

10/11 to 14/15 Capital Programme Monitor 3	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2010/11 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2011/12 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2012/13 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2013/14 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2014/15 Revised Budget £000
ACE - Children's Services															
NDS Devolved Capital			**1,266**	**-1,028**		**475**	**-1,028**		**475**	**-1,028**		**475**	**-1,028**		**475**
- External Funding	0	0	1,266	-1,028	0	475	-1,028	0	475	-1,028	0	475	-1,028	0	475
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harnessing Technology			**386**			**0**			**0**			**0**			**0**
- External Funding	0	0	264	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	122	0	0	0	0	0	0	0	0	0	0	0	0
Targeted Capital Fund 14-19 Diploma		**-1,200**	**3,081**	**-3,600**	**1,200**	**1,200**	**-3,600**		**0**	**-3,600**		**0**	**-3,600**		**0**
- External Funding	0	-1,200	3,081	-3,600	1,200	1,200	-3,600	0	0	-3,600	0	0	-3,600	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huntington School Improvements TCF			**27**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	27	0	0	0	0	0	0	0	0	0	0	0	0
NDS Modernisation			**1,818**	**1,638**		**2,774**	**1,638**		**2,774**	**1,638**		**2,774**	**1,638**		**2,774**
NDS Modernisation			0	2,547		2,774	2,547		2,774	2,547		2,774	2,547		2,774
NDS Modernisation			0			0			0			0			0
School Contribution			0			0			0			0			0
DfES Grant			0			0			0			0			0
Section 106			0			0			0			0			0
DfES Devolved Capital Grant			125			0			0			0			0
External Grant			0			0			0			0			0
Basic Need			0			0			0			0			0
- External Funding	0	0	125	2,547	0	2,774	2,547	0	2,774	2,547	0	2,774	2,547	0	2,774
NDS Modernisation			1,693	-909		0	-909		-909						
Schools Access Initiative			0			0			0			0			0
Revenue Contribution Departmental			0			0			0			0			0
-Internal Funding	0	0	1,693	-909	0	0	-909	0	-909	0	0	0	0	0	909
Schools Access Initiative	**-100**		**525**	**-173**		**0**	**-173**		**0**	**-173**		**0**	**-173**		**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-100	0	525	-173	0	0	-173	0	0	-173	0	0	-173	0	0
Sure Start			**1,077**	**-635**		**0**	**-635**		**0**	**-635**		**0**	**-635**		**0**
- External Funding	0	0	1,077	-635	0	0	-635	0	0	-635	0	0	-635	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extended Schools			**284**	**-82**		**0**	**-82**		**0**	**-82**		**0**	**-82**		**0**
- External Funding	0	0	284	-82	0	0	-82	0	0	-82	0	0	-82	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Integrated Children's Centres			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Primary School Strategic Programme	**100**	**-700**	**7,782**	**-3,227**	**700**	**1,700**	**-3,227**		**0**	**-3,227**		**0**	**-3,227**		**0**
- External Funding	0	-600	7,782	-3,227	600	600	-3,227	0	0	-3,227	0	0	-3,227	0	0
-Internal Funding	100	-100	0	0	100	1,100	0	0	0	0	0	0	0	0	0
Derwent MUGA			**1**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Fulford School Science Labs and Clasrooms			**240**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	240	0	0	0	0	0	0	0	0	0	0	0	0
Youth Capital Fund			**35**			**0**			**0**			**0**			**0**
- External Funding	0	0	35	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Children's Centres Phase 3			**936**			**0**			**0**			**0**			**0**
- External Funding	0	0	936	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCSF Wave 2 PlaybuilderFunding			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Westside Review - Oaklands / York High			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Westside Review - Manor			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Joseph Rowntree One School Pathfinder			**3,280**			**0**			**0**			**0**			**0**
- External Funding	0	0	1,854	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	1,426	0	0	0	0	0	0	0	0	0	0	0	0
Specialist Schools Status	**20**		**20**			**0**			**0**			**0**			**0**
- External Funding	20	0	20	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Home access for targeted groups			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aiming high for disabled children short breaks		**-72**	**207**		**72**	**72**			**0**			**0**			**0**
- External Funding	0	-72	207	0	72	72	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City-Wide Diploma Exemplar Facility at Manor School			**3,000**			**0**			**0**			**0**			**0**
- External Funding	0	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Applefields School - Co Location		**-200**	**680**		**200**	**200**			**0**			**0**			**0**
- External Funding	0	-200	680	0	200	200	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Integrated Children's System			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Basic Need			**0**	**2,334**		**2,334**	**2,334**		**2,334**	**2,334**		**2,334**	**2,334**		**2,334**
- External Funding	0	0	0	2,334	0	2,334	2,334	0	2,334	2,334	0	2,334	2,334	0	2,334
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	**20**	**-2,172**	**24,645**	**-4,773**	**2,172**	**8,755**	**-4,773**	**0**	**5,583**	**-4,773**	**0**	**5,583**	**-4,773**	**0**	**5,583**
TOTAL EXTERNAL FUNDING	**20**	**-2,072**	**20,611**	**-3,691**	**2,072**	**7,655**	**-3,691**	**0**	**5,583**	**-3,691**	**0**	**5,583**	**-3,691**	**0**	**5,583**
TOTAL INTERNAL FUNDING	**0**	**-100**	**4,034**	**-1,082**	**100**	**1,100**	**-1,082**	**0**	**-909**	**-173**	**0**	**0**	**-173**	**0**	**909**
ACE - Social Services															
Joint Equipment Store	**-24**		**81**			**105**			**105**			**105**			**105**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-24	0	81	0	0	105	0	0	105	0	0	105	0	0	105
Information Management Improvements		**-40**	**5**		**40**	**40**			**0**			**0**			**0**
- External Funding	0	-40	5	0	40	40	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disabled Support Grant			**120**			**130**			**140**			**150**			**150**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	120	0	0	130	0	0	140	0	0	150	0	0	150
Telecare Equipment			**525**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	525	0	0	0	0	0	0	0	0	0	0	0	0
Adults Social Care IT grant		**-18**	**63**		**18**	**18**			**0**			**0**			**0**
- External Funding	0	-18	63	0	18	18	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Day Service Modernisation	**178**	**-96**	**82**		**96**	**96**			**0**			**0**			**0**
- External Funding	178	-96	82	0	96	96	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Safety Works at Social Services Establishments	**29**	**-94**	**0**		**94**	**94**			**0**			**0**			**0**
- External Funding	29	-94	0	0	94	94	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	**183**	**-248**	**876**	**0**	**248**	**483**	**0**	**0**	**245**	**0**	**0**	**255**	**0**	**0**	**255**
TOTAL EXTERNAL FUNDING	**207**	**-248**	**150**	**0**	**248**	**248**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL INTERNAL FUNDING	**-24**	**0**	**726**	**0**	**0**	**235**	**0**	**0**	**245**	**0**	**0**	**255**	**0**	**0**	**255**
TOTAL GROSS EXPENDITURE	**203**	**-2,420**	**25,521**	**-4,773**	**2,420**	**9,238**	**-4,773**	**0**	**5,828**	**-4,773**	**0**	**5,838**	**-4,773**	**0**	**5,838**
TOTAL EXTERNAL FUNDING	**227**	**-2,320**	**20,761**	**-3,691**	**2,320**	**7,903**	**-3,691**	**0**	**5,583**	**-3,691**	**0**	**5,583**	**-3,691**	**0**	**5,583**
TOTAL INTERNAL FUNDING	**-24**	**-100**	**4,760**	**-1,082**	**100**	**1,335**	**-1,082**	**0**	**-664**	**-173**	**0**	**255**	**-173**	**0**	**255**
CANS - Leisure and Culture															
Acomb Library			**1**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Danebury Drive Allotments			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Museum Service Heritage Lottery Bid			**200**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	200	0	0	0	0	0	0	0	0	0	0	0	0
Oakland's Sports Centre Pitch			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
War Memorial Gardens			**0**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
York Pools Strategy -		**-50**	**154**		**50**	**3,250**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-50	154	0	50	3,250	0	0	0	0	0	0	0	0	0
Free Swimming for Over 60's			**18**			**0**			**0**			**0**			**0**
- External Funding	0	0	18	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Milfield Lane Comm Sports Centre	**-170**	**-210**	**170**		**210**	**210**			**0**			**0**			**0**
- External Funding	-170	-10	0	0	10	10	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-200	170	0	200	200	0	0	0	0	0	0	0	0	0
York Explore Centre			**473**			**0**			**0**			**0**			**0**
- External Funding	0	0	138	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	335	0	0	0	0	0	0	0	0	0	0	0	0
Parks and Open Spaces Development	**26**		**118**			**0**			**0**			**0**			**0**
- External Funding	26	0	118	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCSF Wave 2 PlaybuilderFunding	**32**		**403**			**0**			**0**			**0**			**0**
- External Funding	32	0	403	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Children's Play Lottery Bid			**103**			**0**			**0**			**0**			**0**
- External Funding	0	0	103	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

10/11 to 14/15 Capital Programme Monitor 3	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2010/11 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2011/12 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2012/13 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2013/14 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2014/15 Revised Budget £000
Library Self-Issue Equipment	**2**	**-66**	**164**		**66**	**66**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution Corporate (PB)			0			0			0			0			0
Corporate Capital Receipt (PB)			0			0			0			0			0
Departmental Prudential Borrowing	2	-66	164		66	66			0			0			0
-Internal Funding	2	-66	164	0	66	66	0	0	0	0	0	0	0	0	0
Explore History @ York			**0**			**490**			**510**			**0**			**0**
- External Funding	0	0	0	0	0	245	0	0	255	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	245	0	0	255	0	0	0	0	0	0
Oaklands Sports Hall Floor Replacement			**60**			**0**			**0**			**0**			**0**
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	60	0	0	0	0	0	0	0	0	0	0	0	0

10/11 to 14/15 Capital Programme Monitor 3	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2010/11 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2011/12 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2012/13 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2013/14 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2014/15 Revised Budget £000
Barbican Auditorium	-26	-554	1,107		554	554			0			0			0
- External Funding	-26	-48	500	0	48	48	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-506	607	0	506	506	0	0	0	0	0	0	0	0	0
York Museums Trust Warehouse Acquisition	-525		0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-525	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	-661	-880	2,971	0	880	4,570	0	0	510	0	0	0	0	0	0
TOTAL EXTERNAL FUNDING	-138	-58	1,280	0	58	303	0	0	255	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	-523	-822	1,691	0	822	4,267	0	0	255	0	0	0	0	0	0
CANS - Neighbourhood Services															
Air Quality Monitoring			128			0			0			0			0
- External Funding	0	0	128	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contaminated Land Investigation			23			0			0			0			0
- External Funding	0	0	23	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Infrastructure Capital Grant (WICG)			464			0			0			0			0
- External Funding	0	0	464	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Silver Street Toilets			9			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	9	0	0	0	0	0	0	0	0	0	0	0	0
Ward Committees - Improvement Schemes			9			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	9	0	0	0	0	0	0	0	0	0	0	0	0
EcoDepot Security Gate / Reception		-206	15		206	206			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-206	15	0	206	206	0	0	0	0	0	0	0	0	0
West of York Recycling Site			0			2,500			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	2,500	0	0	0	0	0	0	0	0	0
Highway Resurfacing & Reconstruction (Struct Maint)			4,649	180		3,415	20		3,040	-102		3,006	-267		2,934
- External Funding	0	0	1,770	1,865	0	1,865	1,790	0	1,790	1,756	0	1,756	1,684	0	1,684
-Internal Funding	0	0	2,879	-1,685	0	1,550	-1,770	0	1,250	-1,858	0	1,250	-1,951	0	1,250
Special Bridge Maintenance (Struct maint)	-28		172			200			200			200			200
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-28	0	172	0	0	200	0	0	200	0	0	200	0	0	200
Street Light Modernisation			450			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	450	0	0	0	0	0	0	0	0	0	0	0	0
Highways Improvements			960			40			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	960	0	0	40	0	0	0	0	0	0	0	0	0
Crematorium		-1,716	50		1,716	1,716			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-1,716	50	0	1,716	1,716	0	0	0	0	0	0	0	0	0
Winter Resilience Provision	28		28			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	28	0	28	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	0	-1,922	6,957	180	1,922	8,077	20	0	3,240	-102	0	3,206	-267	0	3,134
TOTAL EXTERNAL FUNDING	0	0	2,385	1,865	0	1,865	1,790	0	1,790	1,756	0	1,756	1,684	0	1,684
TOTAL INTERNAL FUNDING	0	-1,922	4,572	-1,685	1,922	6,212	-1,770	0	1,450	-1,858	0	1,450	-1,951	0	1,450
CANS - Housing															
Modernisation of Local Authority Homes	5		108			1,378			1,458			1,499			83
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	5	0	108	0	0	1,378	0	0	1,458	0	0	1,499	0	0	83
Repairs to Local Authority Properties	-61		2,440			1,090			1,117			1,244			898
- External Funding	0	0	1,186	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-61	0	1,254	0	0	1,090	0	0	1,117	0	0	1,244	0	0	898
Assistance to Older & Disabled People			300			300			300			300			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	300	0	0	300	0	0	300	0	0	300	0	0	0
MRA Schemes	-9		4,207			4,807			4,253			5,930			5,791
- External Funding	-9	0	4,207	0	0	4,807	0	0	4,253	0	0	5,930	0	0	5,791
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing Grants & Associated Investment (Gfund)			750	-1,000		0	-1,050		0	-1,100		0	-1,100		0
- External Funding	0	0	750	-1,000	0	0	-1,050	0	0	-1,100	0	0	-1,100	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disabled Facilities Grant (Gfund)			917			850			850			850			850
- External Funding	0	0	442	0	0	375	0	0	375	0	0	375	0	0	375
-Internal Funding	0	0	475	0	0	475	0	0	475	0	0	475	0	0	475
Energy Conservation in Homes (Gfund)			148			0			0			0			0
- External Funding	0	0	51	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	97	0	0	0	0	0	0	0	0	0	0	0	0
Local Authority Homes		-1,000	250		1,000	1,000			0			0			0
- External Funding	0	-500	125	0	500	500	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-500	125	0	500	500	0	0	0	0	0	0	0	0	0
Sub Regional Lettings Scheme (Gfund)			168			0			0			0			0
- External Funding	0	0	168	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Travellers - James Street Wall (Gfund)	40		70			0			0			0			0
- External Funding	0	0	15	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	40	0	55	0	0	0	0	0	0	0	0	0	0	0	0
Travellers Sites Electricity Units (Gfund)			134			116			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	134	0	0	116	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	-25	-1,000	9,492	-1,000	1,000	9,541	-1,050	0	7,978	-1,100	0	9,823	-1,100	0	7,622
TOTAL EXTERNAL FUNDING	-9	-500	6,944	-1,000	500	5,682	-1,050	0	4,628	-1,100	0	6,305	-1,100	0	6,166
TOTAL INTERNAL FUNDING	-16	-500	2,548	0	500	3,859	0	0	3,350	0	0	3,518	0	0	1,456
TOTAL GROSS EXPENDITURE	-686	-3,802	19,420	-820	3,802	22,188	-1,030	0	11,728	-1,202	0	13,029	-1,367	0	10,756
TOTAL EXTERNAL FUNDING	-147	-558	10,609	865	558	7,850	740	0	6,673	656	0	8,061	584	0	7,850
TOTAL INTERNAL FUNDING	-539	-3,244	8,811	-1,685	3,244	14,338	-1,770	0	5,055	-1,858	0	4,968	-1,951	0	2,906
City Strategy (Planning & Transport)															
Local Transport Plan (LTP)		-60	4,689	-51	60	1,909	-48		1,952	-48		1,952	2,623		2,623
- External Funding	0	0	2,416	749	0	1,849	802	0	1,952	802	0	1,952	2,623	0	2,623
-Internal Funding	0	-60	2,273	-800	60	60	-850	0	0	-850	0	0	0	0	0
York City Walls - Repairs & Renewals (City Walls)			182			90			90			90			90
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	182	0	0	90	0	0	90	0	0	90	0	0	90
York City Walls - Health & Safety (City Walls)			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Road Safety			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Flood Pump - Elvington			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cycling City			1,055			0			0			0			0
- External Funding	0	0	1,055	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Footpath, Rawcliffe No 1 - Riverbank slip			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Highway Resurfacing & Reconstruction (Struct Maint)			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Bridge Maintenance (Struct maint)			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Peckitt Street			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Access York			0			3,500			14,500			6,784			0
- External Funding	0	0	0	0	0	2,700	0	0	13,250	0	0	6,777	0	0	0
-Internal Funding	0	0	0	0	0	800	0	0	1,250	0	0	7	0	0	0
Highways Improvements			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	0	-60	5,926	-51	60	5,499	-48	0	16,542	-48	0	8,826	2,623	0	2,713
TOTAL EXTERNAL FUNDING	0	0	3,471	749	0	4,549	802	0	15,202	802	0	8,729	2,623	0	2,623
TOTAL INTERNAL FUNDING	0	-60	2,455	-800	60	950	-850	0	1,340	-850	0	97	0	0	90
City Strategy (Admin Accom)															
Admin Accomm		-600	10,651		600	11,463		0	14,906		0	1,468			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-600	10,651	0	600	11,463	0	0	14,906	0	0	1,468	0	0	0
TOTAL GROSS EXPENDITURE	0	-600	10,651	0	600	11,463	0	0	14,906	0	0	1,468	0	0	0
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	0	-600	10,651	0	600	11,463	0	0	14,906	0	0	1,468	0	0	0
City Strategy (Community stadium)			0			0									
Community Stadium			0			4,000			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	4,000	0	0	0	0	0	0	0	0	0
			0			0			0			0			0

Annex A

10/11 to 14/15 Capital Programme Monitor 3	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2010/11 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2011/12 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2012/13 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2013/14 Revised Budget £000	2010/11 Mon 3 Adj £000	2010/11 Mon 3 Slippage £000	2014/15 Revised Budget £000
City Strategy (Economic Development)			0			0			0			0			0
Small Business Workshops			0			58			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	58	0	0	0	0	0	0	0	0	0
Visitor/Tourist Information Centre			35			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	35	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	0	0	35	0	0	58	0	0	0	0	0	0	0	0	0
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	0	0	35	0	0	58	0	0	0	0	0	0	0	0	0
City Strategy - Property															
Carbon Management			33			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	33	0	0	0	0	0	0	0	0	0	0	0	0
Dealing with Repairs Backlog			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Key Components (H&S)			247			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	247	0	0	0	0	0	0	0	0	0	0	0	0
Health & Safety / DDA			38			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	38	0	0	0	0	0	0	0	0	0	0	0	0
35 Hospital Fields Road			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fire Safety Regulations - Adaptations			92			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	92	0	0	0	0	0	0	0	0	0	0	0	0
Removal of Asbestos			14			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	14	0	0	0	0	0	0	0	0	0	0	0	0
St Clements Hall Refurbishment			245			0			0			0			0
- External Funding	0	0	179	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	66	0	0	0	0	0	0	0	0	0	0	0	0
Urgent River Bank Repairs			148			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	148	0	0	0	0	0	0	0	0	0	0	0	0
Acomb Office		-144	0		144	1,394			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-144	0	0	144	1,394	0	0	0	0	0	0	0	0	0
Mansion House External Repairs			29			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	29	0	0	0	0	0	0	0	0	0	0	0	0
Hungate / Peasholme Relocation			44			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	44	0	0	0	0	0	0	0	0	0	0	0	0
Peasholme Improvements			21			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	21	0	0	0	0	0	0	0	0	0	0	0	0
Slipways			211			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	211	0	0	0	0	0	0	0	0	0	0	0	0
Riverbank repairs	0	-655	62	0	655	655	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-655	62	0	655	655	0	0	0	0	0	0	0	0	0
Property Compliance (Asbestos and Fire regs)			80			80			80			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	80	0	0	80	0	0	80	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	0	-799	1,264	0	799	2,129	0	0	80	0	0	0	0	0	0
TOTAL EXTERNAL FUNDING	0	0	179	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	0	-799	1,085	0	799	2,129	0	0	80	0	0	0	0	0	0
															0
TOTAL GROSS EXPENDITURE	0	-1,459	17,876	-51	1,459	23,149	-48	0	31,528	-48	0	10,294	2,623	0	2,713
TOTAL EXTERNAL FUNDING	0	0	3,650	749	0	4,549	802	0	15,202	802	0	8,729	2,623	0	2,623
TOTAL INTERNAL FUNDING	0	-1,459	14,226	-800	1,459	18,600	-850	0	16,326	-850	0	1,565	0	0	90
CBSS - IT equipment															
IT Equipment		-300	1,594		300	1,300			1,000			1,000			1,000
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-300	1,594	0	300	1,300	0	0	1,000	0	0	1,000	0	0	1,000
TOTAL GROSS EXPENDITURE	0	-300	1,594	0	300	1,300	0	0	1,000	0	0	1,000	0	0	1,000
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	0	-300	1,594	0	300	1,300	0	0	1,000	0	0	1,000	0	0	1,000
Miscellaneous															
More 4 York			210			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	210	0	0	0	0	0	0	0	0	0	0	0	0
Easy @ York			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equal Pay Capitalisation			0			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hazel Court Depot			60			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	60	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	-40		245			0			0			0			0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-40	0	245	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	-40	0	515	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	-40	0	515	0	0	0	0	0	0	0	0	0	0	0	0
Gross Expenditure by Department															
ACE - Children's Services	20	-2,172	24,645	-4,773	2,172	8,755	-4,773	0	5,583	-4,773	0	5,583	-4,773	0	5,583
ACE - Social Services	183	-248	876	0	248	483	0	0	245	0	0	255	0	0	255
CANS - Leisure and Culture	-661	-880	2,971	0	880	4,570	0	0	510	0	0	0	0	0	0
CANS - Neighbourhood Services	0	-1,922	6,957	180	1,922	8,077	20	0	3,240	-102	0	3,206	-267	0	3,134
CANS - Housing	-25	-1,000	9,492	-1,000	1,000	9,541	-1,050	0	7,978	-1,100	0	9,823	-1,100	0	7,622
City Strategy (Planning & Transport)	0	-60	5,926	-51	60	5,499	-48	0	16,542	-48	0	8,826	2,623	0	2,713
City Strategy (Admin Accom)	0	-600	10,651	0	600	11,463	0	0	14,906	0	0	1,468	0	0	0
City Strategy (Community stadium)	0	0	0	0	0	4,000	0	0	0	0	0	0	0	0	0
City Strategy (Economic Development)	0	0	35	0	0	58	0	0	0	0	0	0	0	0	0
City Strategy - Property	0	-799	1,264	0	799	2,129	0	0	80	0	0	0	0	0	0
CBSS - IT equipment	0	-300	1,594	0	300	1,300	0	0	1,000	0	0	1,000	0	0	1,000
Miscellaneous	-40	0	515	0	0	0	0	0	0	0	0	0	0	0	0
Total by Department	-523	-7,981	64,926	-5,644	7,981	55,875	-5,851	0	50,084	-6,023	0	30,161	-3,517	0	20,307
															0
Total External Funds by Department															0
ACE - Children's Services	20	-2,072	20,611	-3,691	2,072	7,655	-3,691	0	5,583	-3,691	0	5,583	-3,691	0	5,583
ACE - Social Services	207	-248	150	0	248	248	0	0	0	0	0	0	0	0	0
CANS - Leisure and Culture	-138	-58	1,280	0	58	303	0	0	255	0	0	0	0	0	0
CANS - Neighbourhood Services	0	0	2,385	1,865	0	1,865	1,790	0	1,790	1,756	0	1,756	1,684	0	1,684
CANS - Housing	-9	-500	6,944	-1,000	500	5,682	-1,050	0	4,628	-1,100	0	6,305	-1,100	0	6,166
City Strategy (Planning & Transport)	0	0	3,471	749	0	4,549	802	0	15,202	802	0	8,729	2,623	0	2,623
City Strategy (Admin Accom)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Strategy (Community stadium)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Strategy (Economic Development)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Strategy - Property	0	0	179	0	0	0	0	0	0	0	0	0	0	0	0
CBSS - IT equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total External Funds by Department	80	-2,878	35,020	-2,077	2,878	20,302	-2,149	0	27,458	-2,233	0	22,373	-484	0	16,056
Total CYC Funding required by Department															
ACE - Children's Services	0	-100	4,034	-1,082	100	1,100	-1,082	0	-909	-173	0	0	-173	0	909
ACE - Social Services	-24	0	726	0	0	235	0	0	245	0	0	255	0	0	255
CANS - Leisure and Culture	-523	-822	1,691	0	822	4,267	0	0	255	0	0	0	0	0	0
CANS - Neighbourhood Services	0	-1,922	4,572	-1,685	1,922	6,212	-1,770	0	1,450	-1,858	0	1,450	-1,951	0	1,450
CANS - Housing	-16	-500	2,548	0	500	3,859	0	0	3,350	0	0	3,518	0	0	1,456
City Strategy (Planning & Transport)	0	-60	2,455	-800	60	950	-850	0	1,340	-850	0	97	0	0	90
City Strategy (Admin Accom)	0	-600	10,651	0	600	11,463	0	0	14,906	0	0	1,468	0	0	0
City Strategy (Community stadium)	0	0	0	0	0	4,000	0	0	0	0	0	0	0	0	0
City Strategy (Economic Development)	0	0	35	0	0	58	0	0	0	0	0	0	0	0	0
City Strategy - Property	0	-799	1,085	0	799	2,129	0	0	80	0	0	0	0	0	0
CBSS - IT equipment	0	-300	1,594	0	300	1,300	0	0	1,000	0	0	1,000	0	0	1,000
Miscellaneous	-40	0	515	0	0	0	0	0	0	0	0	0	0	0	0
Total CYC Funding required	-603	-5,103	29,906	-3,567	5,103	35,573	-3,702	0	21,717	-2,881	0	7,788	-2,124	0	5,160

Agenda Item 6

CITY OF YORK COUNCIL

Executive 15 February 2011

Joint Report of the Director of CBSS and the Assistant Director for OCE

Quarter 3 Finance & Performance Monitor for 2010-11

Purpose

1. This report provides details of the headline performance issues from the Q3 performance monitor of 2010-11. This covers the period 1st April to 31st December 2010. However, more up-to-date data has been provided where it is available. The report covers:

a) *Finance* – service and corporate budget management.

b) *Performance* – how well the council is performing across a range of performance indicators, at both corporate and directorate level, including key achievements and progress on key projects.

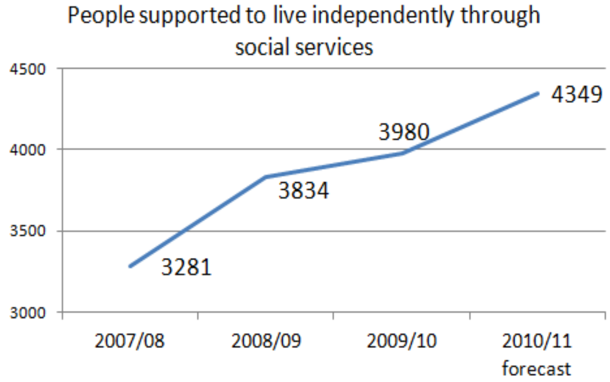
Summary

- There have been some good achievements over the first 9 months of 2010-11, including, excellent improvement in the number of residents helped to live independently; significant improvement to standards of street cleanliness; a 1% increase in waste recycling levels and a continued reduction in landfill.
- The reduction in overall recorded crime incidents in York continues, building on the 24% reduction achieved in 2009-10. There has also been sustained improvement in road safety, with a 60% reduction in the number of people killed or seriously injured on York's roads.
- York continues to buck the national trend in relation to many areas of the economy, including a widening gap for unemployment, a major reduction in the number of young people who are not in employment, education or training (NEET), a 73% increase in the number of affordable homes built in York and a sustained reduction in the number of households in temporary accommodation (homelessness).
- A number of key achievements were also reported, including very good inspections results for safeguarding in Adult Social Care, Child Social Care, Youth Offending and the respite centre at the Glen.
- The council is forecasting pressures of £1,668k, which represents an improvement of £1,404k from the Monitor 2 report. This position is inclusive of £2,287k of in-year grant funding cuts from Central Government.
- Directorates are actively working to reduce the reported pressures in line with the strategy agreed at Monitor 2 in order to bring expenditure broadly in line with budget by the year end.

Performance

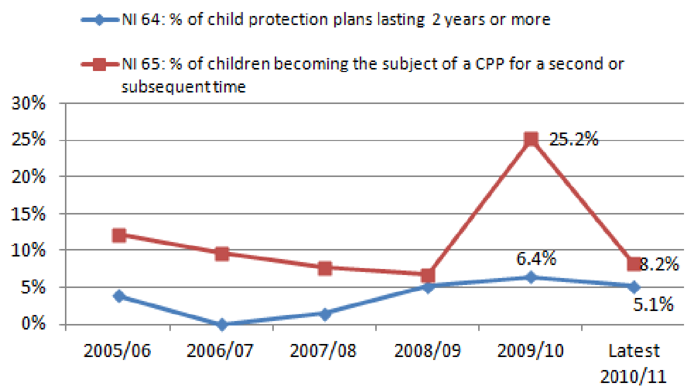
Adult Social Care

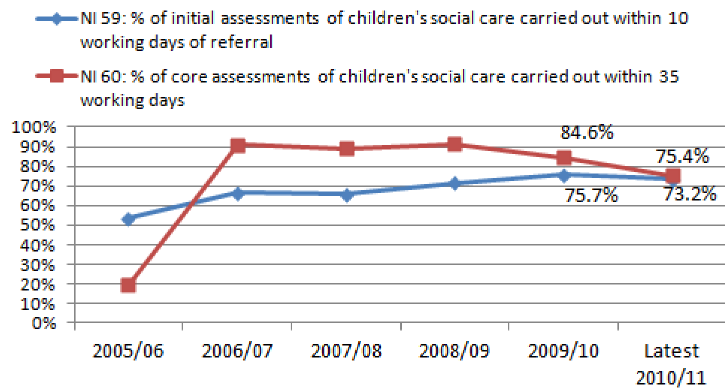
2. The number of social care clients helped to live independently as a result of receiving a personal budget or self directed support has increased significantly over the first 9 months of this year, with 1321 (20%) now receiving self directed support payments. ACE expect to exceed last year's performance of 14.4% and to hit the 2010-11 target of 30.5%. This will also have a positive affect on the overall number of people in York who are supported to live independently, which is predicted to rise to 4349 this year. This would represent a 32% rise since 2007-08 (see graph below).



Child Social Care

3. In Q2 we reported good improvements children in care placement and processing time for assessments/referrals. This trend has continued in Q3, with particular improvement in the speed that looked after children cases are reviewed. Similarly, child protection plans (CPPs) lasting 2 or more years also reported encouraging reductions from the increase seen in 2009-10 - see graph on left (lower is better).





4. Performance for the number of initial and core child social care assessments which are completed outside designated timescales is still a concern, with both showing a decline in performance since 2009-10 (higher is better) - see graph on right above. Further work via the implementation of Common Assessment Framework / lead practitioner activity and integrated 'Front Door' arrangements should see improved results in the future.

Educational attainment

5. In Q2 we reported good improvement across a number of school attainment results, including pupils achieving 2+ A*-C grades in Science GCSEs and pupils progressing 2 levels in English & Maths between KS1 & KS2, placing York as one of the top performing authorities nationally. Progress for school improvement continues in Q3, with schools achieving a 54% increase in the number of students taking vocational studies (e.g. BTEC & OCR nationals), which allows some students to attain equivalent qualifications to grade C

or above at GCSE. This reflects curriculum changes over the past two years, with vocational courses introduced for pupils for which GSCEs only, are not suitable.

Indicator	2007-08	2008-09	2009-10	2010-11 Latest	Improving ?	On target ?
Number of vocational entries at the end of KS4	1034	1571	1595	**2461**	Yes	Yes
Number of fixed term exclusions in primary and secondary schools	0.25%	0.11%	0.01%	**0.01%**	Stable	Yes

6. York also has one of the lowest levels nationally, of pupil exclusions in its primary and secondary schools (currently 0.01%). This has been achieved through schools adopting different ways of managing behaviour without the need to resort to exclusion, especially in the secondary schools. A consequence of this is an increase in the numbers of pupils attending the Danesgate centre, which is now running at near capacity. The Behavioural and Attendance partnership are working with ACE to try and engage more young people within mainstream schools by offering part time provision at Danesgate and other alternative provision.

Street Cleanliness

7. Three street cleanliness surveys are carried out in York each year to assess levels of litter, detritus, graffiti and fly-posting. The table below shows that visible levels continue to decline significantly after the first 2 surveys, with graffiti in particular recording very low levels in the November survey. If these results continue for the third survey this will represent major improvement since 2008-09 and will place York amongst the top performing authorities for street cleanliness.

Recorded levels of:	Litter	Detritus	Graffiti	Fly-posting
2008-09	8.9%	11%	4.7%	1.1%
2009-10	4.4%	7.5%	2.1%	0.2%
2010-11 (after 2 surveys)	**3.30%**	**6.6%**	**0.5%**	**0.00%**
Change since 2008-09	*-5.6%*	*-4.4%*	*-4.2%*	*-1.1%*

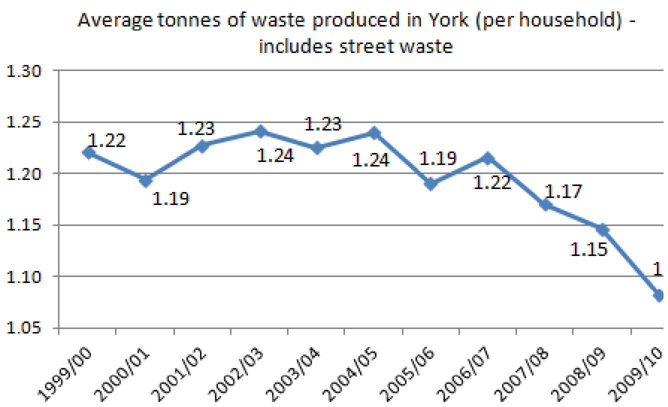
Waste management

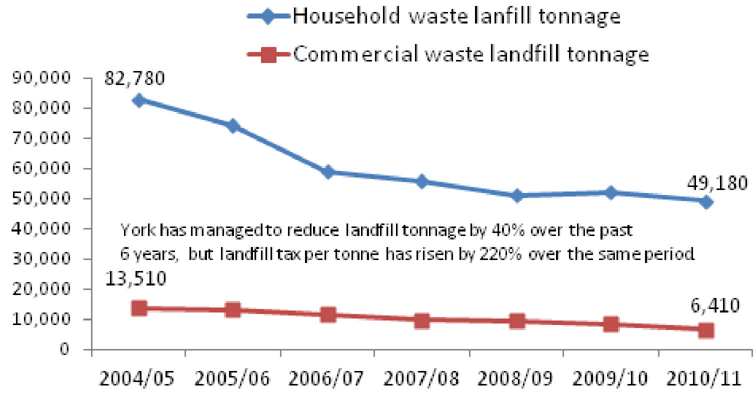
8. Forecasts based on Q3 indicate that recycling levels will increase by 1% this year and landfill levels will drop by nearly 2% (see table below). Extensive work to improve recycling will continue throughout this year, to build on the 3 box kerbside recycling scheme already introduced to more than 70,000 households in the first 3 quarters. Work is also continuing to expand full recycling and fortnightly residual waste collection to an additional 6,000 properties by the end of the year, which will then cover more than 98% of all York households.

Indicator	2008-09	2009-10	2010-11 Forecast	2010-11 Target	Improving ?	On target ?
Household waste landfilled (kgs)	629kg	614kg	**590kg**	611kg	Yes	Yes
% household waste recycled	45.13%	43.26%	**44.35%**	48.07%	Yes	No
% of waste landfilled	55.14%	56.73%	**54.95%**	51.13%	Yes	No

9. The amount of waste collected per household continues to reduce and CANS predict we will achieve 590kgs for 2010-11, exceeding the very challenging 2010-11 target of 611kg, set 3 years ago. Since 2004/05 the amount of household and commercial waste that goes to landfill has reduced by 40% and 50% respectively (see graphs below). Despite these reductions, the council continues to pay higher levels of landfill tax each year because of high annual tax increases per tonne (currently £48 per tonne and scheduled to increase by £8 each year until rate reaches £80 per tonne). This was designed to get authorities to recycle more waste when it was introduced in October 1996. Landfill tax rate has more than trebled since 2004/05 and an alternative to landfill is needed to meet statutory targets

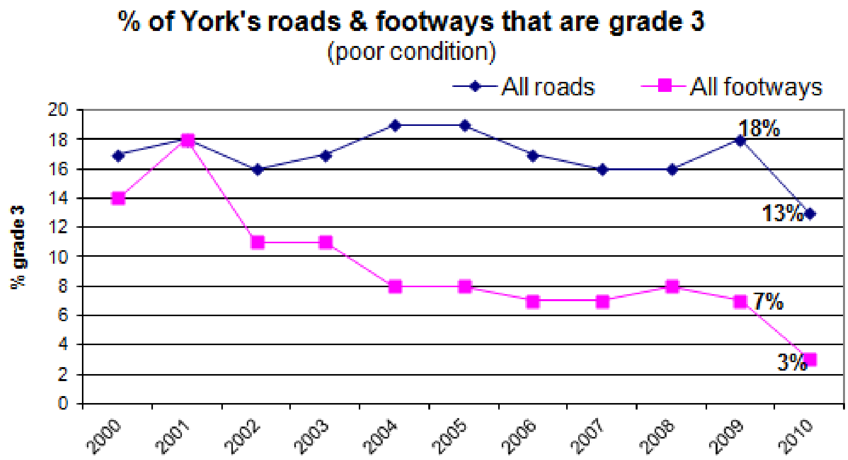
and to reduce financial burden of paying Landfill Tax (e.g. the waste PFI initiative for York and North Yorkshire).





Roads & Footpaths

10. The % of York's roads and footpaths identified as being in poor condition has reduced considerably, despite the poor weather conditions last winter, which caused considerable damage across York's network (see graph below). Increased funding over the past two years has allowed us to invest in new survey methods. This has led to a better understanding of maintenance requirements for resurfacing and reconstruction across the network.



Community Safety

11. The number of overall crimes recorded in York is forecast to be similar that that reported in 2009-10. This would be an excellent achievement given that York has already experienced a 24% reduction in 2009-10, after significant reduction for the previous 4 years and demonstrates sustained improvement. If we exclude the rise in cycle thefts (see para 13 below), the overall crime rate for York would actually reduce by 3%.

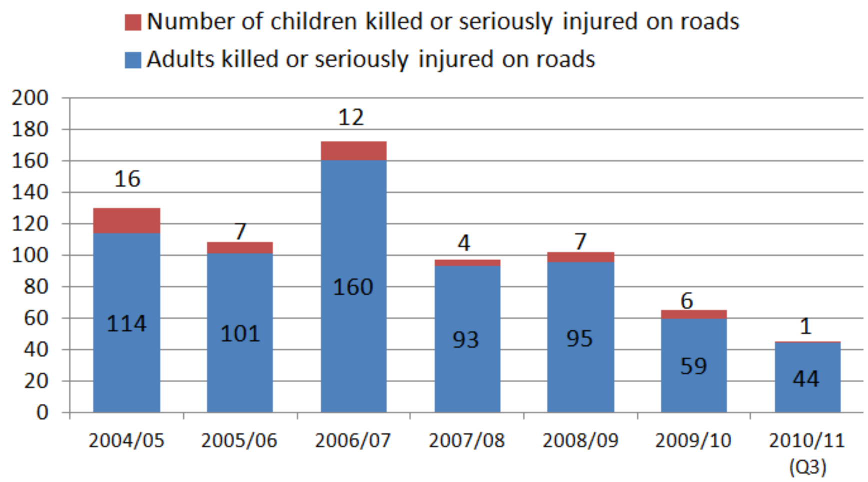
Indicator	2008-09	2009-10	2010-11 Forecast	% change	Improving ?	On target ?
Total Crimes recorded in York (BSC)	9906	7547	**7581**	+0.4%	Stable	Yes
No of serious acquisitive crimes	3459	1998	**1980**	-0.9%	Yes	Yes
Number of criminal damage incidents	3630	2777	**2452**	-11.7%	Yes	Yes
No of serious violent crimes	151	123	**116**	-5.7%	Yes	Yes
Assault with injury crime rate	1239	1140	**1211**	+6.23%	No	No
Number cycles stolen in York	1014	1120	**1499**	+33.8%	No	No

12. The number of serious acquisitive crimes reported in York continues to decline, with 1980 incidents forecast for 2010-11. This indicator represents a number of different crime incidents, including domestic burglary and theft from a vehicle. The forecast reduction is a

significant achievement given that last year saw a 42% reduction on 2008-09. The number of serious violent crimes is also forecast to reduce by nearly 6%, building on the 18% reduction achieved last year. Unfortunately, Assault with injury crime rates have increased by 6% this year, but despite the rise, incident levels remain below 2008-09 levels.

13. As a cycling city, York experiences a high number of cycle thefts, largely because of the high number of cycle users. During the first 3 quarters of this years have seen a 33% increase in cycle theft compared to the same period last year. The majority of thefts have occurred in city centre locations (e.g. Guildhall and Micklegate wards). Other hotspots include schools or the University locations across York, with 75% of these occurring at University of York (48%), York College (22%) and York High (5%). Despite this increase, York still compares favourably to other cycling cities, with Cambridge having four times the levels of cycle theft per head of population, and Oxford double the level. Oxford and Cambridge's rate of cycle crime has also risen at a faster rate than York during 2010-11. The Safer York Partnership and North Yorkshire Police are now targeting prolific thieves who sell on the stolen bikes. Other actions already delivered through Operation Spoke, include producing stickers to advertise that 'police tracker bikes' are in operation and registering 7000 bikes on the online tracker database.

14. The number of people killed or seriously injured in road traffic accidents in York as at Q3 is at similar levels to last year. The number of adult related incidents increased slightly (44 compared to 38 for same period last year), but the number of child related incidents has fallen significantly (1 compared to 6). Successful initiatives such as the 'Made you Look' campaign and the 'Safer Business Driving' Conference continue to have a positive impact. A safer driving campaign event for older drivers was also held in October and further work is planned.

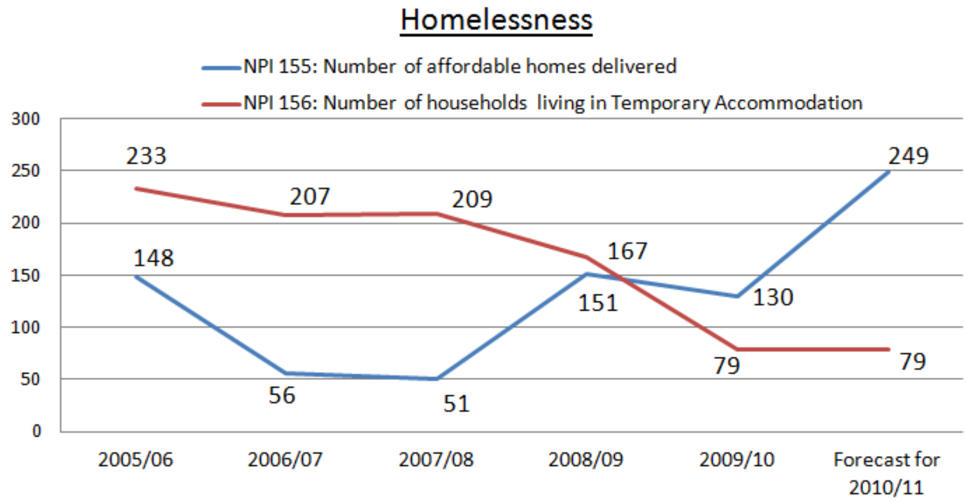


<u>Housing</u>

15. The number of affordable homes delivered in York is expected to increase to 249 based on Q3 projections. This represents a 73% increase on the 130 achieved last year (see graph on next page). CANS are working with Yorkshire Housing to complete a further 50 affordable homes before April 2011, which could bring the year-end total to almost 300 homes, a considerable achievement in the very challenging housing market and economic downturn.

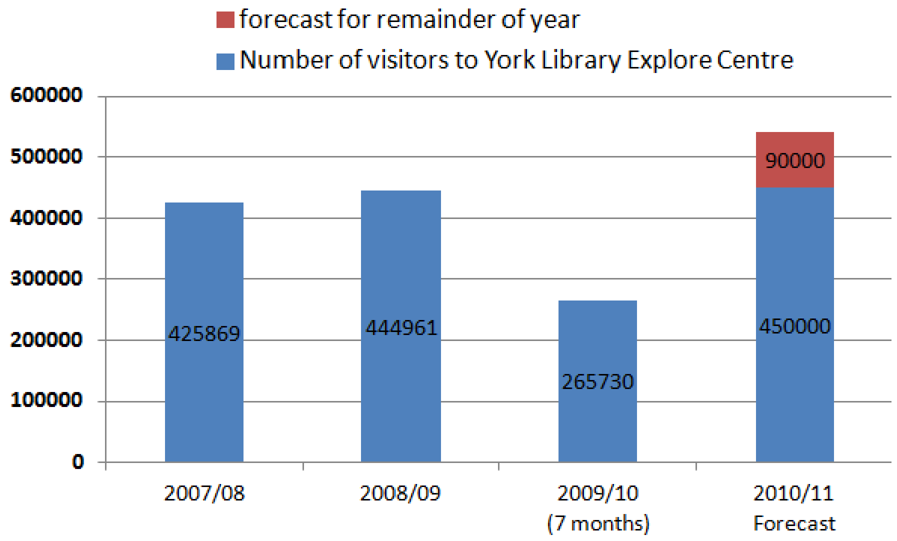
16. The number of York households living in temporary accommodation also continues to improve despite a rise in repossessions and homelessness across the UK. Around 79 households are forecast to be in temporary accommodation by the end of this year, compared to 167 when the recession started (a 54% reduction). This will be achieved

despite quarter 3 being a particularly busy period, with limited opportunities for moving people into permanent accommodation due to adverse weather conditions - which also hampered void turnaround times. Many cases are also now more complex and take longer to resolve due to difficulties in securing private rented accommodation in the current economic climate.

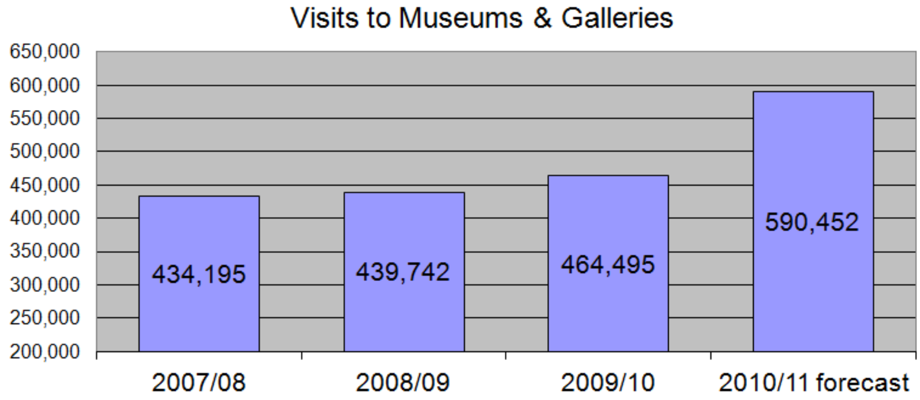


<u>Cultural Services</u>

17. Over 450,000 people visiting the York Explore Centre (previously Central Library) in the first 9 months of 2009-10 (see graph below). The annual figures for 2009-10 and 2010-11 were distorted by the closure of the main library from November 2009 to end May 2010. However, using actual visitor footfall data shows that visitor numbers are already higher than the 12 month periods for 2007-08 and 2008-09 after Q3. CANS expect this trend to continue and we could see a further 20% improvement by the end of the year.

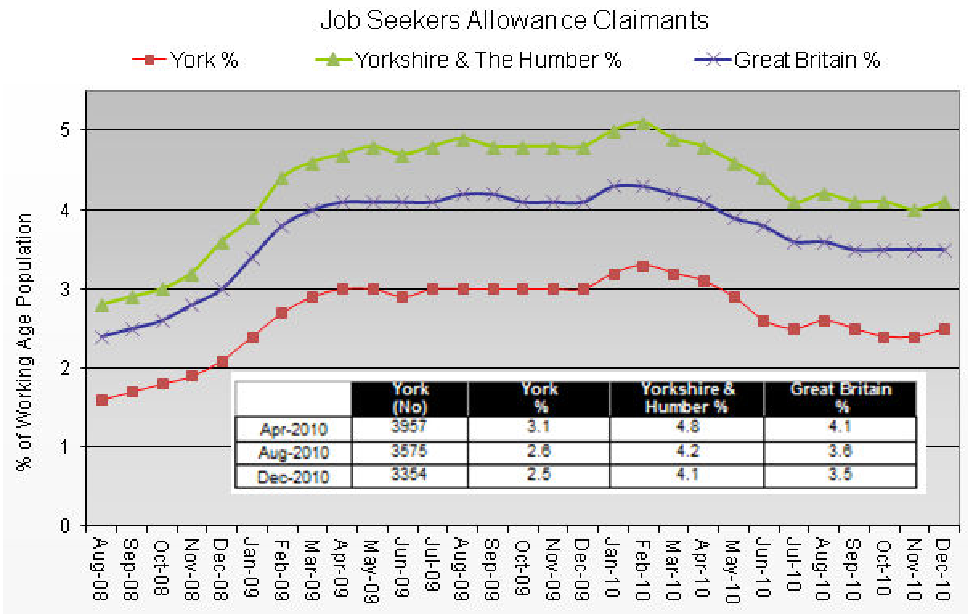


18. The number of visits to York's museums & galleries has increased significantly this year, with the latest figures for the first 9 months of 2010/11 indicating a 37% increase by the year-end. This is mainly due to the refurbishment of the Yorkshire museum and an increase in visitors to galleries following the success of a number of exhibitions.



<u>Economy</u>

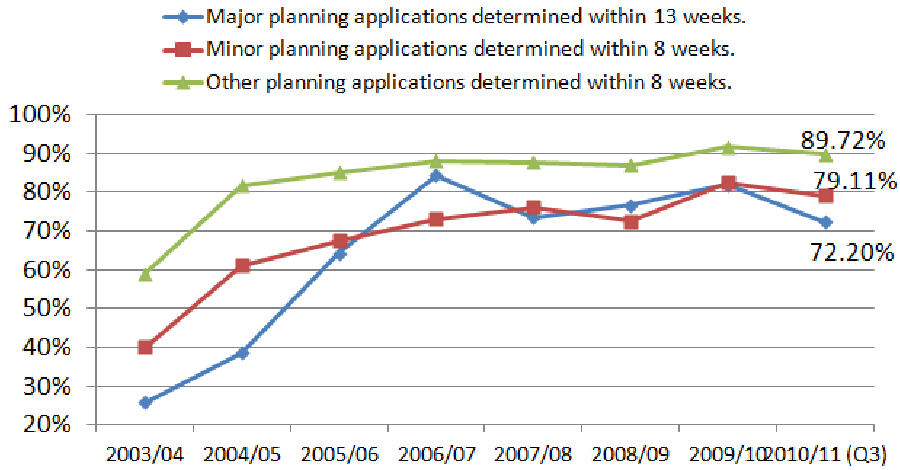
19. Unemployment in York was 3.1% in November 2010, which is 2.6% below the regional and 1.5% below the national average. This is a decrease of 0.6% since April (source: OECD). Another indicator often seen as a more accurate indication of unemployment is the number of York residents claiming job seekers allowance, which was 3354 in December – again, a small increase from the previous month, but 603 claimants below the rate at the beginning of the year. This equates to 2.5% of the working age population and is again well below the average claimant count for Yorkshire and the Humber (4.1%) and the UK (3.5%) – see graph below.



	York (No)	York %	Yorkshire & Humber %	Great Britain %
Apr-2010	3957	3.1	4.8	4.1
Aug-2010	3575	2.6	4.2	3.6
Dec-2010	3354	2.5	4.1	3.5

20. Young people who are NEET: The number of young people in York who are not in employment, education or training (NEET) has continued to reduce in Q3 (currently 3.6%) and remains one of the lowest rates in the North of England. In particular, York has seen a reduction in 16 year olds that are NEETs, which reduced to 29% in 2010 (from 47% in 2009). ACE has forecast that this could improve further with a planned increase in the number of young people attending pre level 1 training programmes.

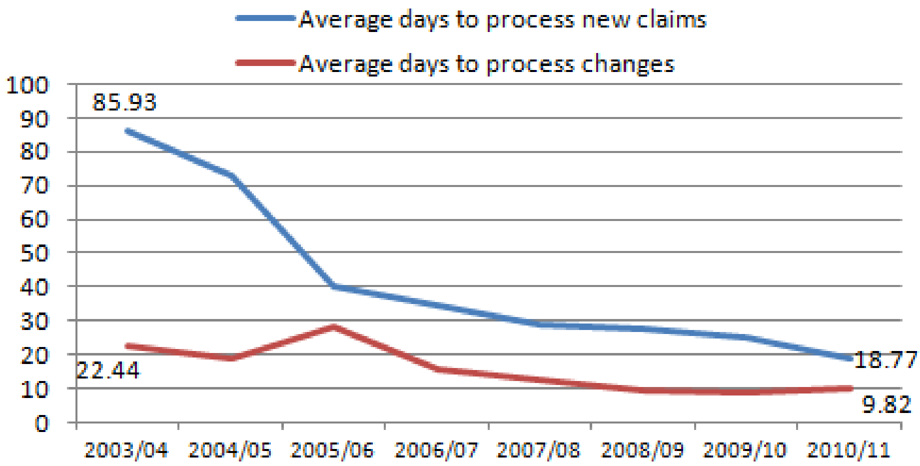
21. Processing planning applications - the number of 'minor' planning applications determined within 8 weeks stands at 79% for Q3 (a 3% decrease on last year). The number of 'major' applications determined within 13 weeks has reduced (currently 72% compared to 79% in the same period for 2009-10). This equates to 10 out of 36 applications failing to meet the 13-week timescale.



22. The decline in performance is due to a significant increase in the number of planning applications received in the first 9 months of 2010 - in particular, a much higher number of major applications. Some of these applications have involved complex legal agreements, which have taken the timescale beyond the 13 week target period. The number of applications dealt with under delegated powers also reduced due to a larger proportion of applications called in by members to sub committees, which often creates a delay in the determination deadline. The Planning service reduced staffing levels by nearly 20% in 2009-10 to react to a drop in application numbers (and fee income) over the preceding 18 months. The unexpected increase in applications so far this year has therefore been affected by a reduced capacity of planning officers.

<u>Benefits</u>

23. Since 2003/4 there has been significant improvement in time taken to process new benefit claims and put in place changes to existing claims. This can be attributed to - streamlining working practices to process more work at the first point of contact, initiatives such as a 24-hour processing promise, restructuring the service, better use of ITT, enhanced performance management and quality assurance, greater customer focus and staff training.

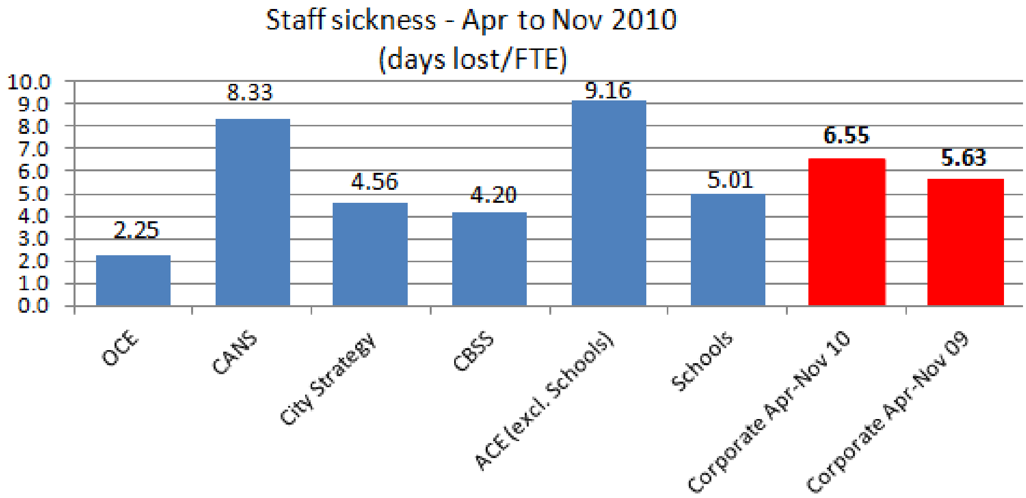


<u>Corporate Health</u>

24. Overall performance for Corporate Health is mixed (see table below). The average days sickness absence taken per FTE is currently 6.55 days for the period April to November, still higher than the same period last year, but the gap has narrowed since Q2 (see graph on next page). The proportion of sick leave taken due to stress/anxiety related illness remains unchanged at 21.8%, which is around the average for local government.

Corporate Health Performance	Apr – Nov 2010	Change from 2009-10
Number of days lost per FTE	6.55 days per FTE	0.92 day increase on same period Long-term sickness ratio is 16% higher than last year
Long term lost per FTE	4.28 days per FTE	
Short term lost per FTE	2.26 days per FTE	
Staff Turnover	5.04%	decrease on 7.70% this time last year
H&S: Major injuries to employees	5	No change (5 this time last year)
H&S: Minor injuries to employees	24	Decrease (31 this time last year)
H&S: Injuries to non-employees	9	Decrease (14 this time last year)

25. Long-term sickness (as a % of all sickness) has started to decline slightly since Q2, but is still much higher than this time last year (66% compared to 48%). The highest levels of long-term sickness occurring in CANS and Adult Social Care. Overall staff absence in schools is 0.5 days higher than the same period last year, and given that they represent 43% of all staff, any increase in sickness levels can affect the corporate figure.



26. The council continues to treat the management of sickness as a priority and new attendance management procedures introduced recently (seen as 'best practice' across local government) has had an impact on overall and short-term sickness since Q2, with the gap between this year and last narrowing. Directorate management teams developing local actions plans with support from Human Resources, which include specific interventions that identify and address absence trends and hotspots. In particular, work continues to improve staff attendance levels in schools with HR running training sessions in a number of schools to provide focused support. This has already resulted in long-term sickness levels reducing since Q2.

27. Staff turnover across the council stands at 5% for the first 8 months of this year (407 leavers from 8068 employees), which is a decrease on the 6.05% reported in Q2. Over 50% of these were in schools, with a significant number of staff leaving in August as a result of contracts ending at the end of school term.

Priority actions and key achievements

28. Good progress has been made during the first 3 quarters of this year in delivering the 72 actions set out in the corporate strategy. Key headlines include:

- The Care Quality Commission carried out a safeguarding Adults inspection and reported significant improvements in the council's Adult Social Care services, awarding

York ‘Performing well’ overall, with excellent for *‘helping to make a positive contribution through participation and choice’.*

- The council received a very positive outcome from a recent Ofsted inspection of our Child Social Care services, which recognised the excellent work on integration of services.
- The Respite Care service in the Glen was awarded ‘outstanding’ in a recent government inspection.
- Work on the Barbican has continued, with the refurbishment due to start on 7 February. The building will open in the third week in May and the new owners are currently recruiting over 100 staff to start work in April.
- The University is now completing procurement for York Sports Village Swimming Pool and has already submitted the planning application. Current projections indicate that the facility will be open by September 2012.
- Work has begun to explore development opportunities for the former British Sugar/Manor School site located in the Acomb area of the city. Due to the close proximity of the two sites, joint planning is being considered as part of the wider York Northwest corridor and public consultation on options for the project took place between the 15th of December 2010 and 26th January 2011.
- Planning applications for the former Terry’s site have now been approved and the developers will start on site this year. The Nestle South capital project has also received planning approval and is awaiting reserved matters applications.
- The York Community Stadium ‘memorandum of understanding’ was signed by the council, York City Football Club and City of York Athletics Club on December 22nd 2010. This is a binding agreement where all parties involved agree to a set of key principals to enable the project to move forward.
- A number of cycling city initiatives have continued, including work to develop a York City Challenge event in March, where businesses and other organisations (including school staff) will be encouraged to take part and cycle for at least 10 minutes. The council is aiming to involve at least 100 local businesses to ensure York can compete in parallel with Cambridge who are doing the same challenge. A city-wide survey has also started to capture resident’s views on Cycling City over the last 2 years their thoughts and ideas for the future. One already agreed and due to be launched shortly, is a cycle journey planner that allows users to find the best, most scenic route to their destination.
- The council successfully completed and officially opened St Clement's Community Hall, on November 18th 2010. The Hall will be run by the local community and will offer a large meeting room for clubs and societies, offices for community groups, youth groups and other sports, dance and music workshops.
- School modernisation projects have continued, with work now progressing on the Clifton with Rawcliffe Primary School site, despite delays due to the adverse weather in November and December, the school is due to open on 1st September 2011. Work on the Park and Stride scheme is also due to start in April, to ensure that this scheme can be up and running from September. Work on Our Lady's Queen of Martyrs started at the end of November, and the school is due to open on 4th January 2012.
- New customer feedback terminals have been introduced for customers who contact the council on a face to face basis. Residents can now provide feedback to the council on the experience and satisfaction of their visit. These terminals also enable staff to promote City of York Council’s online services and show our customers how easy it is to pay for, or access services themselves online.

- A 'virtual school for Looked After Children' has been developed to ensure all looked after children get additional support from dedicated specialised staff. The teaching team meet twice a term and the new virtual school head has now visited all York schools to review and oversee the education and attainment arrangements for all Looked After children. A training program for all Teachers who work with Looked After Children is also now in place.
- Adult Social Care Services have published an on-line assessment tool to enable customers to carry out self-assessment for equipment that can aid independent living. It provides advice, information about local suppliers and the option to seek a full assessment from the council's Occupational Therapy services.
- A new Independent Living Assessment Clinic has opened, which allows customers to try out different equipment that could help aid daily living. Visitors can also get assessed and matched to the best equipment available for their needs.

Finance Overview

29. The General Fund budget for 2010-11 is currently £118,166k, with utilisation of balances and reserves reducing the call on Council Tax to £117,338k. Current projections indicate that financial pressures facing the council amount to £1,668k which is an improvement of £1,404k on the position reported at Monitor 2 and is highlighted in Table 1 (paragraph 32).

30. As highlighted in earlier reports, and in spite of investment as part of the 2010-11 budget, significant financial pressures remain as a result of the rapidly increasing demand for adult social care services and the continuing impact of the economic downturn on the council's income generating services. This has been compounded by in year grant cuts from Central Government to date of £2,287k, a further £1,120k of More for York savings that are currently classed as 'at risk' (£864k related to social care in Adults, Children & Education, £256k in City Strategy related to Property Services and administrative efficiencies) and the effects of the recent severe winter weather.

31. Despite the challenges they are facing, directorates are working hard to contain these pressures to reduce their reported positions so that council expenditure falls within budget by the end of the financial year. This progress is being measured against a strategy agreed at Monitor 2 and this is highlighted in Table 3 (paragraph 35).

32. An overview of the current position is summarised on a directorate by directorate basis in Table 1 overleaf. It should be noted that progress against More for York savings targets continues to be reported against the relevant directorate. The main movements from the Monitor 2 report are:

- Adults, Children & Education – an improvement of £663k which is due to numerous cost saving measures across the directorate including effective use of grants, vacancy management measures and the outsourcing of the Training Team. It should be noted that significant pressures still exist on budgets for Direct Payments, External Homecare and Elderly Persons Homes.
- Other Central Budgets – an improvement of £800k due to there being no pay award settlement for 2010-11.
- City Strategy – an improved position of £352k, however this is after the release of £400k from General Contingency to support income generating services.
- Communities & Neighbourhoods – a deterioration of £159k primarily driven by an overspend on winter maintenance budgets as a result of the recent severe winter weather.

Directorate	Gross Exp'ture Budget	Gross Income Budget	2010-11 Net Budget	Mon 2 Variance	Current Variance	Movement
	£'000	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	166,520	-83,201	83,319	+2,310	+1,647	-663
City Strategy	38,021	-29,551	8,470	+940	+588	-352
Communities & Neighbourhoods	87,316	-46,139	41,177	+410	+569	+159
Customer & Business Support Services	80,051	-74,662	5,389	-107	-169	-62
Office of the Chief Executive	9,551	-6,121	3,430	+13	-23	-36
DIRECTORATE BUDGETS	**381,459**	**-239,674**	**141,785**	**+3,566**	**+2,612**	**-954**
Asset Rental Adjustments	0	-21,166	-21,166	-	-	-
Other Central Budgets	4,906	-19,292	-14,386	+221	-579	-800
General Contingency	165	0	165	-565	-165	+400
Treasury Management	13,561	-1,793	11,768	-150	-200	-50
GROSS BUDGET	**400,091**	**-281,925**	**118,166**	**+3,072**	**+1,668**	**-1,404**

N.B Use of reserves reduces to Net Budget of £117,338k

Table 1: Monitor 3 Reported Pressures.

33. The table assumes that the remaining General Contingency of £165k is used to offset other reported pressures, and that the pay award provision and final tranche of VAT refunds received from the Fleming and Conde-Nast cases, totalling £1,309k, offsets in-year government grant funding cuts that have not been met by corresponding savings (£730k).

34. For comparative purposes, Table 2 overleaf compares the current reported pressures with the Monitor 3 and final outturn positions for 2009-10. The 2009-10 Monitor 3 report quoted a projected overspend of £2,333k, a position which was £491k worse off from the Monitor 2 report three months earlier. However, the subsequent outturn position for the year of a £38k underspend was testament to the exhaustive work carried out across the council to reduce expenditure in the final months of the year. In comparison to Monitor 3 in 2009-10, the current position is £665k better off, which reflects the ongoing hard work to reduce projected pressures through improving cost control measures. This pattern shows that concerted effort to reign in expenditure yields results and the continuance of these measures will ensure the council outturns broadly in line with budget.

Directorate	2010-11 Net Budget	09-10 Mon 3 Variance	09-10 Outturn	10-11 Mon 3 Variance
	£'000	£'000	£'000	£'000
Adults, Children & Education	83,319	+2,971	+2,532	+1,647
City Strategy	8,470	+639	+267	+588
Communities & Neighbourhoods	41,177	+237	-40	+569
Customer & Business Support Services	5,389	-505	-530	-169
Office of the Chief Executive	3,430	+123	-20	-23
DIRECTORATE BUDGETS	**141,785**	**+3,465**	**+2,209**	**+2,612**
Asset Rental Adjustments	-21,166	-	-	-
Other Central Budgets	-14,386	-1,202	-1,922	-579
General Contingency	165	-359	-359	-165
Treasury Management	11,768	+429	+34	-200
GROSS BUDGET	**118,166**	**+2,333**	**-38**	**+1,668**

Table 2: Comparison between Monitor 3 09-10, Outturn 09-10 and Monitor 3 10-11.

35. A strategy was agreed as part of the Monitor 2 report that allocated revised variance targets for directorates that would see the council's overall expenditure outturn on budget. Progress against these targets is outlined in Table 3 below.

Directorate	2010-11 Net Budget	10-11 Mon 3 Variance	10-11 Target Variance	Reductions Still Required
	£'000	£'000	£'000	£'000
Adults, Children & Education	81,996	+1,647	+1,010	+637
City Strategy	8,073	+588	+190	+398
Communities & Neighbourhoods	41,666	+569	+10	+559
Customer & Business Support Services	4,651	-169	-207	+38
Office of the Chief Executive	4,283	-23	-37	+14
DIRECTORATE BUDGETS	**140,669**	**+2,612**	**+966**	**+1,646**
Asset Rental Adjustments	-21,166	-	-	-
Other Central Budgets	-13,670	-579	-579	-
General Contingency	565	-165	-165	-
Treasury Management	11,768	-200	-150	-50
GROSS BUDGET	**118,166**	**+1,668**	**+72**	**+1,596**

Table 3: Progress against Monitor 2 Strategy.

36. Whilst it is clear that the council is currently forecasting an overspend, the management actions that are being implemented by directorates, which since Monitor 2 have reduced the forecast by £1,404k, coupled with the pattern shown in Table 2 that concerted effort can significantly reduce forecasted pressures by year end, there is confidence that council expenditure will be broadly in line with budget by the end of the financial year.

Directorate Financial Performance

37. The following sections provide further information on the current pressures each directorate is facing, including progress against More for York savings, as outlined in Table 1 (paragraph 32). Where appropriate, driver data for pressures has been provided.

<u>Adults, Children & Education</u>

38. Adults, Children & Education are currently reporting financial pressures of £1,647k, an improvement of £633k from the £2,310k pressure reported at Monitor 2. Progress against the £1,200k More for York social care savings continues to be reported against the directorate, of which £864k remains ‘at risk’ of being achieved.

39. Elsewhere in the directorate, £751k in pressures are being projected in Adult Social Services, an improvement of £270k from Monitor 2 which is due to additional resources being identified, namely within the Social Care Reform Grant (£205k) and a further sum allocated by the Department of Health to help Local Authorities and Primary Care Trusts manage the increased calls on health and care budgets due to demographic changes (£375k).

40. Increasing demand, above the approved budget, continues to be an issue in 2010-11. The main contributory factors are that:

    i) More people have opted to take Direct Payments than anticipated and the numbers are likely to increase as the personalisation of services is rolled out further resulting in a reported pressure on this budget of £1,126k. The current average cost of a Direct Payment stands at £1,074 per month (£941 in 2009-10) on an average base of 213 customers (170 in 2009-10).

    ii) A greater than anticipated number of referrals for Independent Residential and Nursing Care is causing a pressure £261k. The average number of supported customers has risen from 522 per month in 2009-10 to 564 in 2010-11 at an average cost of £420.65.

    iii) The cost of using agency staff to cover staff sickness in Elderly Persons Homes, as well as unbudgeted costs from the Pay and Grading process represents a pressure of £222k in this area.

41. Children & Young People's budgets have shown a marked improvement with current reported pressures of £33k, a £392k reduction from Monitor 2. This is derived from a number of areas including a projected underspend on Fostering of Looked After Children of £114k, due to a reduction in the number of children placed in Independent Fostering Agencies (IFA) placements which are more expensive than placements with local foster carers.

42. To date, the directorate has received in-year government grant cuts totalling £1,832k, of which savings have been identified of £1,467k. Difficult decisions have had to be taken in order to reduce expenditure on a wide range of community based schemes within the Early Intervention Fund as well as the Youth Volunteering Project. The remaining £365k, related to Area Based Grant, has been reported as a corporate pressure.

43. The residual pressures across the directorate are to be managed by vacancy management measures, as well as a moratorium on any non essential spend and work is ongoing to identify further actions to reduce the reported position.

City Strategy

44. City Strategy are reporting financial pressures of £588k, which is an improvement of £352k from the £940k pressure reported at Monitor 2. However it should be noted that this position is following a £400k transfer from General Contingency to support income generating services suffering from the effects of the ongoing Economic Downturn.

45. As reported at Monitor 2, the figure is also inclusive of £256k of 'at risk' More for York savings related to Property Services and administrative efficiencies and a total pressure of £400k on the Yorwaste Dividend budget, due to predictions that only a nominal dividend will be paid in 2010-11.

46. Elsewhere in the directorate, underlying pressures related to the Economic Downturn continue to be an issue, including:

    i) Parking income, forecasted to be down by £308k, which is 5% below budgeted levels. It should be noted that usage is also 3% below 2009-10 levels, primarily due to the recent severe winter weather.

    ii) Building Control income, forecast to be down by £230k, which is based on 1,396 fee-paying applications. Compared to 2007-08, when 1,784 applications were received, this reflects a 22% decline in activity.

    iii) Planning Application income, forecast to be down by £130k, which is based on 1,350 applications. This is an improvement on the 1,329 received in 2009-10 but a decline from the levels seen in 2007-08 (1,867) and 2008-09 (1,437). Furthermore, the current position reflects an improvement on 2009-10 due to the average fee being c. £460 compared to £362, which is reflective of the increase in more complex applications.

    iv) The forecast overspend on Commercial Property of £188k, primarily due to the continued wayleave income issue at Harewood Whin.

47. The directorate has already identified £290k in vacancy management measures and is also reporting a £150k underspend on the Concessionary Fares budget following a fixed price agreement with First.

Communities & Neighbourhoods

48. Communities & Neighbourhoods are currently predicting financial pressures of £569k, which represents a deterioration of £159k from the £410k pressure reported at Monitor 2. The key reasons for the deterioration are:

    i) A £274k pressure on the Winter Maintenance budget, as a result of the recent severe winter. This is based on the fact that 83 gritting rounds were carried out in that period in comparison to the overall budgeted total 75 rounds.

    ii) A net £297k pressure on Commercial Waste due to shortfalls in collection, exemplified by the fact that projected tonnage collected for commercial landfill in 2010-11 is 6,410 compared to 8,300 in 2009-10.

    iii) Further continued pressures of £143k related to increased utilities and repairs costs at travellers sites and £247k in the Library service.

49. The reported pressures outlined above are being mitigated by cost control measures across the directorate, including vacancy management. All More for York workstreams are currently on target to deliver their agreed savings.

Customer & Business Support Services

50. Customer & Business Support Services are currently projecting an underspend of £169k, which is a £62k improvement from Monitor 2. This is mainly due to a reduction in audit fees following the cessation of the Comprehensive Area Assessment regime (£71k) and the re-alignment of IT support and maintenance contracts which will realise a projected in year saving (£137k). This is offset by a number of small variations elsewhere in the directorate. All More for York workstreams in the directorate are currently projected to meet their agreed savings targets.

Office of the Chief Executive

51. The Office of the Chief Executive is currently projecting an underspend of £23k, which represents a £36k improvement from Monitor 2. The main reason for this improvement is continued stringent vacancy management measures in the directorate. More for York workstreams are also on target to meet their agreed savings.

Other Central Budgets

52. Treasury Management activity is currently forecasting an underspend of £200k, a slight improvement of £50k from Monitor 2. This is primarily due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances. A technical review of the council's capital financing requirement and minimum revenue provision is ongoing and more detail on the financial impact of this will be provided in a future report.

53. A projected underspend of £579k is being reported against Other Central Budgets which is comprised of £730k of in-year government grant cuts for which corresponding service savings have not been identified and offset by the £509k VAT refund receipt for claims related to the Fleming and Conde-Nast cases and the £800k 10/11 Pay Award provision that is now available to mitigate pressures following the conclusion of national pay negotiations that resulted in no agreement being made.

Dedicated School Grant (DSG)

54. In the DSG area there is a projected underspend of £309k against a budget of £92,754k. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

Housing Revenue Account (HRA)

55. The budgeted balance on the HRA is estimated to be £8,764k and the latest forecast identifies an underspend £436k, an improvement of £165k from Monitor 2. The main reason for the projected underspend is a number of vacancy management measures across the service and lower loss of rents from void properties.

Reserves

56. The council's general revenue reserve currently stands at £6.7m, after reductions for carry forwards from 2009-10 and items committed as part of the 2010-11 budget, and has a

minimum required level of approximately £6.0m to cover significant unforeseen one-off cost pressures. Should the current pressures still be evident at the end of the financial year, they would have to be funded from the reserve and would result in a breach of this minimum level. This prospect reinforces the need to continue the identification of mitigating actions to ensure that the council's expenditure is contained within budget. If the position cannot be recovered, the Director of Customer & Business Support Services will have to recommend to Council that the reserve is reinstated to at least its minimum required level which will have implications on the 2011-12 budget and beyond.

Analysis

57. The analysis of service performance, progress on key actions and the financial position of the council is included in the body of the report.

Consultation

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

Corporate priorities

59. The information and issues included in the Q3 report demonstrate progress on achieving the priorities set out in the council's corporate strategy (2009-12). It also provides evidence of CMT and the Executive working together to drive forward prioritised improvement and address performance, delivery or financial issues of corporate concern.

Implications

60. 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 specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.
   - Legal - there are no legal implications to this report.
   - Crime and Disorder - there are no specific crime and disorder implications to this report, 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

61. The council's risk management culture continues to mature and form part of regular business process. The Key Corporate Risks (KCRs) are reported to both Audit & Governance Committee (A&G) and CMT on a quarterly basis as part of the council's overall governance arrangements. The KCRs are regularly reviewed at Corporate Leadership Group and on an ongoing basis as part of the quarterly monitoring sessions at A&G and CMT.

Recommendations

62. Members are asked to:

a. Note the performance issues identified in this report.

Reason: So that corrective action on these performance issues can be taken by members and directorates.

b. Note the finance issues identified in this report.

Reason: So that the council's expenditure can be contained within budget, where possible, by the end of the financial year.

Authors:	**Chief Officers Responsible for the report:**				
Ian Floyd, Director for Customer & Business Support Services Keith Best, Assistant Director for Customer & Business Support Services (Financial Services) Tracey Carter, Assistant Director for OCE (Policy, Performance & Partnerships)					
Report Approved	*tick* ✓	**Date**	*February 2011*		
Specialist Implications Officer(s) - None					
Wards Affected: *None*				**All**	*tick*
For further information please contact the author of the report					

Executive **15 February 2011**

Report of the Director of Customer and Business Support Services

Treasury Management Monitor 3 and Prudential Indicators 10/11

Summary

1. This report updates the Executive on the Treasury Management performance for the period 1 April 2010 to 31 December 2011 compared against the budget presented to Council on 25 February 2010.

2. The report highlights the economic environment for the first nine months of the 2010/11 financial year and reviews the Council's Treasury Management performance covering:

   - Short-term investments,
   - Long-term borrowing,
   - Venture fund,
   - Treasury Management budget

Background

3. The Council's Treasury Management function is responsible for the effective management of the Council's cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

4. CIPFA (the Chartered Institute of Public Finance and Accountancy) issued the revised Code of Practice for Treasury Management in November 2009. It recommended that at a minimum, a mid year review of Treasury Management strategy and performance should be undertaken which highlights any areas of concern that have arisen since the original strategy was approved. These quarterly reports therefore ensure this council is implementing best practice in accordance with the Code.

5. The Council approved the Treasury Management Strategy, budget and Prudential Indicators on 25 February 2010. This report monitors the Treasury Management activity for the first nine months of 2010/11 and shows the change in the Treasury Management budget to 31 December 2010 and the forecast outturn position for the year.

Economic Background and Analysis

6. The Council's short term investment and long term borrowing decisions have been affected by the following economic conditions described in the paragraphs below.

7. The quarter ended 31st December 2010 saw the following
   i. Activity indicators strengthening again, suggesting that the recovery still has a reasonable amount of momentum;
   ii. Spending on the high street continuing to recover;
   iii. Conditions in the labour market deteriorating further;
   iv. House prices continuing to fall with some regional exceptional;
   v. The public finances deteriorating, tentatively questioning whether the government can meet its fiscal forecasts;
   vi. The UK's trade deficit widens further, pouring cold water on hopes of an export-led recovery;
   vii. CPI inflation rise and pipeline price pressures continuing to build;
   viii. The Monetary Policy Committee shying away from doing more quantitative easing;
   ix. UK equities surging and gilt yields rising;
   x. Economic growth picking up strongly in the US and maintaining pace in the euro-zone

8. Activity indicators suggested that the recovery still has a reasonable amount of momentum with modest growth, having briefly pointed to a double-dip in prior months. The recovery weakened in the construction sector, but strengthened in the larger manufacturing sector. GDP (Gross Domestic Product) expanded by 0.7% q/q in the third quarter of 2010 to 2.7%

9. There were signs that consumer spending improved during the quarter. Survey evidence has suggested that December's heavy snowfall has not had too much of a negative effect on retail spending over the festive period as a whole, with consumers making up for weaker spending in early December during the post-Christmas "sales" period.

10. The resilience of consumer spending during the quarter was in sharp contrast to the renewed deterioration of conditions in the labour market with unemployment rising over the last quarter. House prices have also continued to fall during the quarter.

11. Public finances appear to have deteriorated during the quarter. Borrowing on the PSNB ex. measure (Public sector net borrowing excluding temporary effects from financial interventions) was in line with 2009/10's figure in October but was £6bn higher than a year before in November. The figures therefore cast doubt on whether the Government will be able to meet its borrowing forecast of £149bn this year, some £7bn lower than last year's total. Elsewhere, there are still few signs that the external sector has begun to support the overall recovery.

12. The CPI (consumer price inflation) edged up from 3.1% to 3.2% in October and then to 3.3% in November. Part of the rise may have reflected retailers pushing up their prices ahead of the VAT rise in January 2011. The rise also seems to have reflected the surge in commodity prices (eg food, grains, metals) during the quarter and earlier in the year. If these commodities hold onto their recent price gains, then their inflationary effects will build over the next few months.

13. Encouraging activity data and strong inflation data prevented the Monetary Policy Committee (MPC) from following the Fed in sanctioning more quantitative easing (QE) at its November meeting. The majority of members on the MPC have continued to vote for official interest rates to remain on hold at 0.5%; the minutes to their meetings suggested that most members thought that the risks that CPI inflation would overshoot the 2% target in two years time had grown. Some members also expressed concern about the recent rise in households' inflation expectations.

14. From the economic analysis, figure 1 below shows the actual and projection of the base rate, which has remained at historically low levels through much of 2010. The Council's treasury management advisers – Sector – forecast the position of the base rate in February 2010 and this is compared to their revised forecast along with other economists in January 2011. The graph highlights the shift in the position of the base rate which is aligned with the slower growth forecast. The base rate will now slowly start to rise in the last quarter of 2011/12, 0.75% in December 2011 and continue gradually out to 2013, where in December 2013 it is forecast to be 3.25%. UBS forecast a rise in the base rate earlier than Sector, where as Capital Economics remain pessimistic about economic recovery to the end of 2011 and they forecast the base rate to remain at 0.5% for the near future.

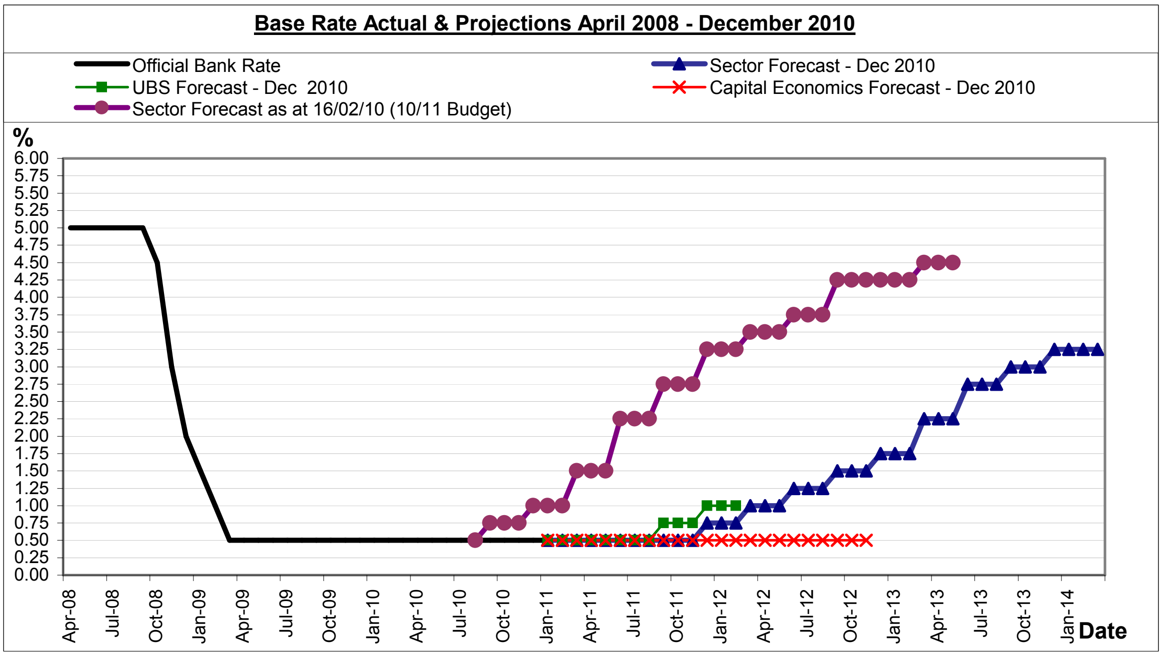


Figure 1: Base Rate 2008 to 2013 - latest forecast Dec 2010

15. Table 1 below provides the Council's Treasury Advisers', Sector, forecast of the base rate and Public Works Loan Board (PWLB) rates as at 5 January 2011. This forecast has not changed their view on base rate or the outlook for the UK economy to that reported in the previous monitor, however this revised update is particularly for the sell off in the bond markets in November and December and is mainly focused on revisions to the 5 and 10 year rates:

Sector's Interest Rate View	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.25%	2.75%	3.00%	3.25%
5yr PWLB Rate	3.30%	3.30%	3.40%	3.50%	3.60%	3.80%	3.90%	4.10%	4.30%	4.60%	4.80%	4.90%
10yr PWLB View	4.40%	4.40%	4.40%	4.50%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%	5.40%
25yr PWLB View	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%
50yr PWLB Rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%

Table 1 – Sector's forecast interest rates as at 5 January 2011

16. The Treasury Management 2010/11 monitor 1 and 2 reports saw overall rates across all ranges forecast to steadily increase. During August and, September however there was a fall in yields and the lowest rates were seen in this period. Long term borrowing for the Council was taken during this time as detailed later in the report.

17. This interest rate forecast for monitor 3 shows that PWLB rates are still forecast to steadily rise. The change in the forecast sees rates in the first half of 2011 being higher than previously estimated and then continuing to rise but at a slightly slower rate. All rates across the board increased at monitor 2 due to the comprehensive spending review and PWLB rates being set at 1% above the governments gilt level. This is approximately 0.85% increase across the board on all PWLB rates.

18. There is a risk in the forecast that the Monetary Policy Committee (MPC) will increase the base rate in Q3 of 2011 rather than Q4 as detailed in the above table. This is due to concerns that inflation has been so much above its 2% target for such a long time. The bank of England's growth forecast has been downgraded in 2011 to 2.3% but upgraded in 2012 to 3% due to the continuation of strong monetary policy stimulus through an exceptionally low Bank Rate and the current level of QE.

19. Sector still maintains that the general trend beyond the next twelve months is of rising gilt yields and PWLB rates. However, as there are significant potential downside risks to these forecasts and to the pace of both UK /

world recovery, the Council should err on the side of caution when forecasting investment rates.

20. The 1 year investment rate started the financial year at 1.19%, on 30 September 2010 had risen to 1.36% and on 31 December 2010 had fallen back slightly to 1.33%. Advantage was taken of favourable1 years rates with a nationalised bank in the their quarter of 2010/11 when 1.9% was achieved. Any forecasts beyond a one year time horizon will be increasingly subject to being significantly amended as and when world events and financial markets change. Figure 2 below shows the positions of market interest rates available for investments during 2010/11, which have all marginally risen in the first nine months.

Investment Policy

21. The Treasury Management Strategy Statement for 2010/11 was approved by Council on 25 February 2010. The Council's Annual Investment Strategy, which is incorporated in the Strategy, outlines the Council's investment priorities as follows:
    - security of capital
    - liquidity
    - yield

22. The Council will aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term and only seek to invest where value is available in significantly higher rates in periods up to 12 months; particular to nationalised and semi nationalised UK banks. Investments are with highly credit rated financial institutions using the creditworthiness matrices described in the Treasury Managment Strategy, including sovereign credit ratings and credit default swap (CDS) overlay information provided by Sector.

23. Investments held at 31 December 2010, which were in accordance with Sector's Creditworthiness matrices and changes to Fitch and Moody's credit ratings, remained within the Council's approved credit criteria limits contained in the Annual Investment Strategy.

Short Term Investments

24. Investment rates available in the market continue to remain at a historical low point. The average level of funds available for investment purposes in the first nine months of 2010/11 was £65.535m. The level of funds available is largely dependent on the timing of the Council's cash flow as a result of precept payments, receipt of grants, borrowing and progress on the Capital Programme. These funds are therefore available on a temporary basis dependant on cash flow movement.

25. The authority holds some core cash balances for investment purposes, i.e. funds available for a year or more, however to date in 10/11 no funds have been invested for periods greater than one year due to the limited

institutions available for investment in accordance with the credit criteria policy. This is a continuation of similar market conditions which prevailed through the majority of 2008/09 and through the whole of 2009/10, due to the credit crunch.

26. Treasury Management investment activity during the first nine months of 2010/11 earned interest £562k, equivalent to a 1.14% rate of return. This is 0.72% better than the average 7 day London Inter-Bank Deposit rate (LIBID) of 0.42% and 0.64% higher than the average base rate for the period of 0.50%.

27. The higher rate of return on investment activity compared to the average LIBID rate and base rate for the period is due to the treasury team continuing to monitor the market and taking advantage of longer term rates when they become available, using short term call deposit accounts where interest rates are higher and using Money Market Funds as a slightly alternate investment deposit.

28. The interest earned for the first nine months of the year is slightly higher than the Treasury Management budget estimated but is substantially lower than in previous years. This thereby increases the requirement of the Treasury Management budget, as detailed below in the report, due to a reduced affect the investment earned has in netting off interest paid out on borrowing.

29. The Council has made 21 fixed term investments during the first nine months of 2010/11, 5 directly with the Bank of Scotland and Santander and 16 via the money market brokers. Six of these investments have been made for periods of 6 months where value was shown at between 1.15% and 1.35% and 3 made for a year at between 1.50% and 1.90%. The money market rates available for investment are shown in Figure 2 below. Investing for 6 months allows favourable rates to be taken and also allows the flexibility of funds becoming liquid when interest rates are predicted to start to rise in the future. In accordance with the Treasury Management Strategy investments have been kept short due to the low levels of interest rates available and the limited number of institutions available in the market which the council can invest in complying with its credit rating policy.

30. A proportion of investments have been placed in call accounts where funds are secure and are able to be liquidated if more advantageous rates become available. The council operates 6 call accounts – Bank of Scotland (0.75%), Alliance & Leicester (0.80%), Yorkshire bank 15 day (0.80%) and Yorkshire Bank call (0.50%), and opened a 30 day (1.0%) and instant access (0.80%) with Natwest in October 2010 – but has found during 2010/11 that better rates have been available on the market for fixed term deposits and also in money market funds (MMF). Therefore, funds held in the call accounts have been reduced with the average balance for the first 9 months in 2010/11 being £10.914m compared to £14.870m in 2009/10. The two money market funds being utilised are Prime rate MMF offering rates around 0.85% and Ignis offering rates around 0.70%. The MMF's are needed to diversify the investment portfolio as the banks offering the most

favourable fixed deposit rates are also the banks which offer the call accounts which the council uses. In 2010/11 the average balance in the money market funds is £22.808m.

31. In order for investments to remain within the Councils lending limits, diversification of the council's portfolio is key. This ensures continued security of the council's funds, whilst operating within the bounds of the council's cash flow (liquidity) and giving consideration to the most favourable interest rates available.

32. Figure 2 shows the interest rates available on the market between 7 days and 1 year and also the rate of return that the Council has achieved to 31 December 2010. It shows that favourable / competitive interest rates have been obtained for investments whilst ensuring the required liquidity and security of funds for the Council.

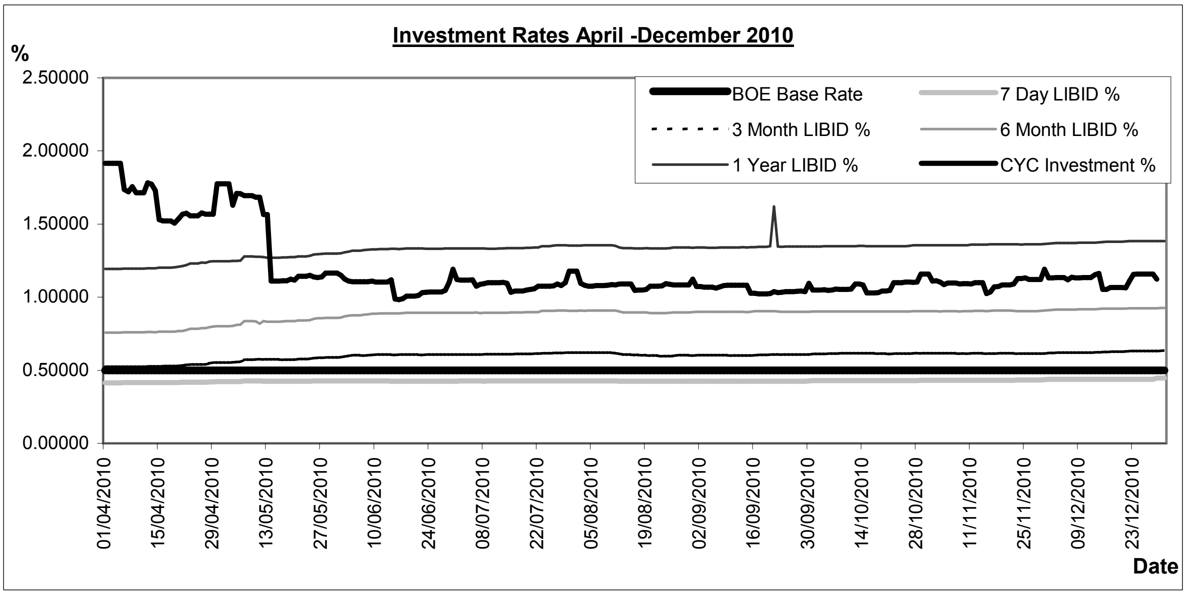


Figure 2 CYC Investments vs Money Market Rates

Long Term Borrowing

33. The Council undertakes long term borrowing in accordance with the investment requirements of the capital programme, and all borrowing is therefore secured against its asset base. The council's borrowing is funded by the Government through the Revenue Support Grant (RSG), which provides the Council with revenue funding to allow it to meet the interest and repayment costs of borrowing, this is known as supported borrowing. The introduction of the Prudential Code in April 2004 has also given the Council the flexibility to borrow without Government support. Under the Code Councils are free to borrow up to a level that is deemed prudent, affordable and sustainable and within their prudential indicator limits. This is known as prudential borrowing.

34. The level of borrowing taken by the Council is determined by the Capital Finance Requirement, (the Councils underlying need to borrow for capital expenditure purposes). This takes into account supported borrowing for capital schemes supported by RSG as explained in the paragraph above, also prudential borrowing for schemes under the prudential code that are funded from department budgets and corporate budgets– so are affordable, sustainable and prudent. In addition, due to the current economic and market environment capital receipts may not be realised when originally expected and therefore, in the short term borrowing is taken to cover this funding shortfall position of the capital programme.

35. In addition, the Council can borrow in advance of need in line with its future borrowing requirements in accordance with the Capital Financing Requirement. The Administrative Accommodation project is substantially increasing the Council's need to borrow over the next 3 years and therefore the markets will continue to be closely monitored to ensure that advantage is taken of favourable rates in 2010/11 and the increased borrowing requirement is not as dependant on interest rates in any one year over the 3 year period.

36. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus funds held for investment purposes would be utilised instead, decreasing the level of surplus funds being available for investment. In the current interest rate environment where investment rates are below borrowing rates consideration is given to the value of taking borrowing or whether it is better for the council to keep investment balances lower.

37. Prior to the Comprehensive Spending Review loans have been taken as borrowing rates were seen to be good value for the longer term, as explained in paragraph 16 above. Locking into historically low borrowing rates enables some stability on the costs incurred in the Treasury Management revenue budget going forwards.

38. Equally since the Comprehensive Spending Review, borrowing rates are being closely monitored for volatility in the market for when rates are deemed to be favourable, market loans are being considered in addition to PWLB loans and a balance is being taken between increasing borrowing and the lower levels of interest being earned on investments. The Sector Treasury Management advisors forecast that future PWLB rates will also rise - in addition to the increase from the Comprehensive Spending Review - which is also being taken into account.

39. The Councils long-term borrowing started the year at a level of £116.1m. One loan of £4m was duly repaid in May 2010 in line with its maturity date. New Borrowing totalling £24m has been taken to date in 2010/11:
    - £5m market LOBO loan at 3.60% 50 years with options every 5 years on 12 May 10
    - £5m PWLB loan at 3.70% 10 years on 25 May 10
    - £5m market loan at 0.70% 1 year on 28 May 10

- £3m PWLB loan at 2.95% 7 years on 12 August 10
- £3m PWLB loan at 4.01% 14 years on 12 August 10
- £3m PWLB loan at 3.92% 50 years on 31 August 10

40. The loans taken in 2010/11 have been below the original target of 4.5% set in the Council approved 2010/11 strategy. In the Treasury Management Monitor 2 report the target level was raised to 5.5% due to the change in PWLB rates in the Comprehensive Spending Review, paragraph 17 refers. (It is not intended that borrowing rates will be taken at this level as it is forecast that the market is still volatile and there will remain opportunities for rates below 4.5%, every attempt will be made to keep rates at the lowest levels possible.)

41. The loans taken are of fixed term duration, have targeted periods that offer the best rates available and also take into consideration the debt maturity portfolio. In 2010/11, from 1 April 2010 to 31 December 2010, 45-50 year PWLB rates started at 4.65%, rose to a high of 5.45% during December 2010 and were at a minimum of 3.92% on 31 August 2010. 9.5-10 year PWLB started at 4.14%, at the end of August fell to a minimum of 3.05% and have seen a high of 4.75% in December 2010.

42. Figure 3 shows the fluctuation in PWLB rates since April 2009 and details when new borrowing has taken place.

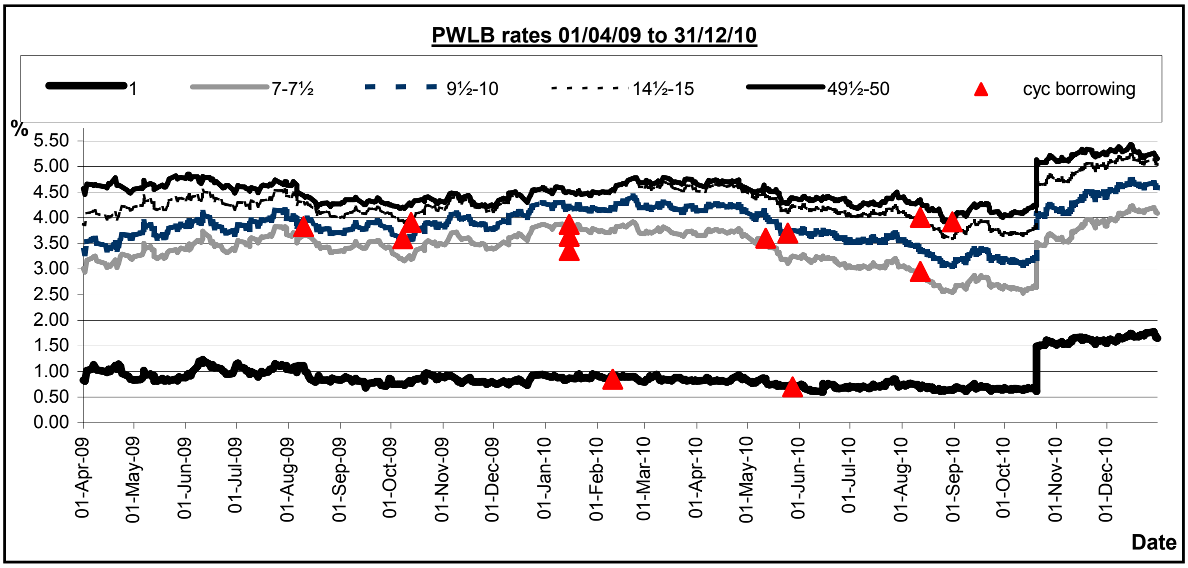


Figure 3 – PWLB rates vs CYC Borrowing Levels

43. Figure 4 illustrates the 2010/11 maturity profile of the Council's debt portfolio updated to reflect the borrowing this year to 31 December 2010. The borrowing portfolio totals £136.1m and the maturity profile shows that there is no large concentration of loan maturity, thereby spreading the interest rate risk dependency in any one year.

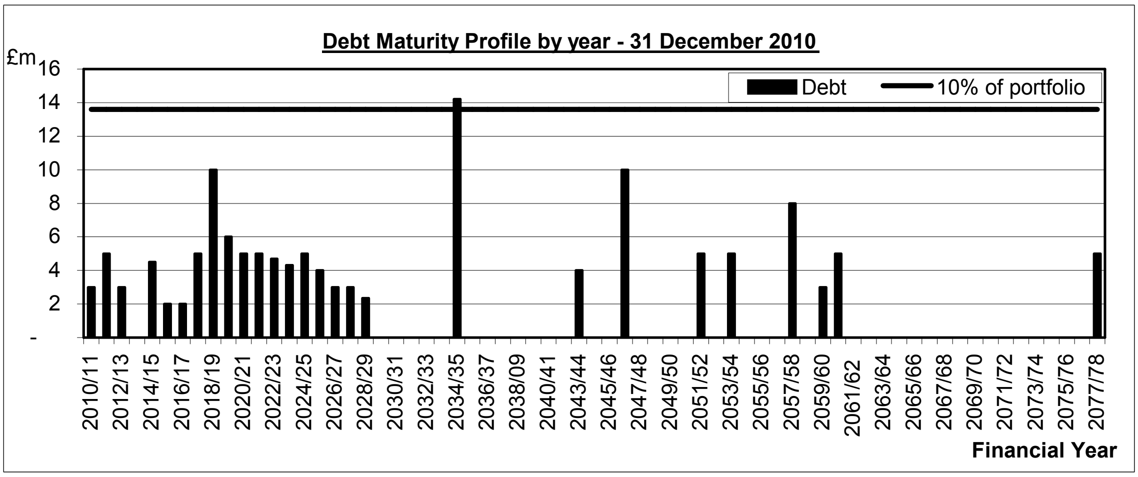


Figure 4 – Debt Maturity Profile 10/11

Venture Fund

44. The Venture Fund is used to provide short to medium term investment for internal projects which provide new revenue streams or generate budget savings and contribute to operational benefits of policy objectives. The projected movements on the Venture Fund for the year 2010/11 are shown in table 2 below.

	£'000
Balance at 1st April 2009	**2,219**
New Loan Advances	(1,551)
Loan Repayments	48
Net Interest Received	18
Balance at 31st March 2010	**734**

Table 2 – Projected Venture Fund Movement 2010/11

45. Table 2 indicates there are approvals for new loan advances in 2010/11 of £1,551k. This is for 4 schemes, for the easy programme £650k which reflects funding required for internal resources associated with the transformation programme – More for York – work, £200k for the street lighting capital scheme approved by Council on 21 February 2009, £500k contribution to the Treasury Management budget for the economic downturn approved by Council on 25 February 2010 and £201k for the early years deficit cost for the administrative accommodation project approved by Council on 15 July 2010. The easy programme loan is a prudent estimate of the amount which will potentially be required by year-end. 3 schemes contribute to loan repayments.

46. The position of the venture fund reported at monitor 3 is no change from that reported to Members on 16 November 2010 at monitor 2.

Treasury Management Budget

47. Treasury Management activity had a Corporate Budget approved at Council on 25 February 2010 of £11,131k. In August 2010, the current approved

budget stood at £11,768k. The increase of £637k is transfer of budget from departments to cover the finance costs of approved capital programme schemes funded by prudential borrowing. In January 2011, the current approved budget stood at £11,736k. The reduction of £32k was approved by the Director of Customer & Business Support Services in line with the financial regulations. It was a transfer to Property Services for the loss of revenue from the property 1 Newgate Street being sold as a capital receipt and used to fund the capital programme in 09/10.

48. The projected outturn for 2010/11 is £11,536k, an estimated underspend of £200k. Table 3 details the individual components that make up this overspend.

	(Under)/Over Spend £000
Decrease in financing expenditure (interest paid)	(114)
Reduction in Minimum revenue provision charge to repay debt	(61)
Increase in interest receivable	(25)
Total Underspend	**(200)**

Table 3 – Treasury Management Budget 2010/11

49. The Treasury Management budget under spend at monitor 3 is driven by the 3 factors in table 3. The reduction in finance expenditure is due to the reduced amount of interest to be paid on borrowing during 2010/11. Until the Chancellor's Comprehensive Spending Review (CSR) on 20 October 2010, the borrowing interest rates available on the market were more favourable than were expected when the budget was set. There has been a delay in taking further borrowing due to the CSR, this has resulted in lower interest being paid in 10/11. In addition there is still volatility to lock into lower rates.

50. There is a slight increase in interest receivable compared to the budget. The cash balances to invest are slightly higher than anticipated and the use of various investment products - longer term deposits, short term call accounts and money market funds – are resulting in slightly better interest rates being received on investments. Of prime importance is always the security of the Council's funds.

51. It is expected that growth will continue to be slow in 2010/11, resulting in continued lower market interest rates being available for investments. It is interesting to note that in the 2010/11 strategy in February 2010 our Sector Treasury Management advisers were forecasting the base rate to rise in September 2010 to 0.75% and in March 2011 to 1.50%. On 29 October 2010, this had been revised to 0.75% in September 2011 and 1.50% in June 2012. Now the forecast on 5 January 2011 has been revised to 0.75% in December 2011 and 1.50% in September 2012. This highlights that investment interest earned will continue to be at low levels for the foreseeable future.

52. A technical review of the council's capital financing requirement and minimum revenue provision is ongoing and more detail on the financial impact of this will be provided in a future report. In accordance with the guidance the minimum revenue provision is at a level that is prudent. Further details are contained in the capital programme Budget Strategy 2010/11 to 2014/15.

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Compliance with Treasury and Prudential Limits

53. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved treasury limits and prudential indicators (affordability limits) for 2010/11 are outlined in the approved Treasury Management Strategy Statement (TMSS) at Council on 25 February 2010. During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's TMSS. The monitoring of the Prudential Indicators is attached at Annex A. Prudential Indicators were not breached during the first 9 months of 2010/11.

Consultation

54. This report is for information and reporting on the performance of the Treasury Management function. The budget was set in light of the prevailing expenditure plans and economic conditions, based on advice from the Council's Treasury Management advisors.

Corporate Priorities

55. The Council's corporate strategy has the priority to ensure value for money and efficiency of its services. Treasury Management aims to achieve the optimum return on investments commensurate with the proper levels of security, and endeavours to minimise the interest payable by the Council on its debt structure.

Human Resources Implications

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

Equalities

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

Legal Implications

58. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the *Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations*

2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Crime and Disorder Implications

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

Information Technology Implications

60. There are no IT implications as a result of this report.

Property Implications

61. There are no property implications as a result of this report.

Risk Management

62. The Treasury Management function is a high-risk area because of the level of large money transactions that take place. As a result of this there are procedures as set out in the Treasury Management Practices statement that aim to reduce the risk associated with high volume high value transactions.

Recommendations

63. Members are requested to:
- Note the performance of the Treasury Management activity;
- Note the projected underspend of the Treasury Management budget of £200k.

Reason – to ensure the continued performance of the Council's Treasury Management function.

Contact Details

Author:	**Chief Officer Responsible for the report:**
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	Keith Best Assistant Director of CBSS (Finance)
Ross Brown Principal Accountant Corporate Finance Tel No. 551207	Report Approved √ Date 15/02/11

Wards Affected: All None

Specialist Implication Officers:

None

For further information please contact the author of the report

Background Papers

Cash-flow Model 10/11, Investment Register 10/11, PWLB Debt Register, Capital Financing Requirement 10/11, Venture Fund 10/11, Treasury Management budget 101/11, Statistics 09/10.

Annexes

Annex A – Prudential Indicators

Annex A

ANNEX A

	PRUDENTIAL INDICATORS – Monitor 3 2010/11		**2010/11 Budget**	**2010/11 Monitor 3**
1)	**Capital Expenditure**		£'000	£'000
	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	66,116	57,497
		HRA	6,908	7,305
		TOTAL	73,024	64,802
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 taxpayers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy	Non - HRA	9.30%	8.95%
		HRA	3.11%	2.50%
3)	**Incremental impact of capital investment decisions - Council Tax**		£ p	£ p
	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.	Increase in Council Tax (band D) per annum	25.43	21.72
4)	**Incremental impact of capital investment decisions - Hsg Rents**		£ p	£ p
	Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.	Increase in average housing rent per week	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	128,483	143,623
		HRA	12,610	18,869
		TOTAL	141,093	162,492
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	192	192
		other long term liabilities	0	0
		TOTAL	192	192
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	172	172
		other long term liabilities	0	0
		TOTAL	172	172
7)	**Adoption of the CIPFA Code of Practice for Treasury Management in Public Services**			
	Ensuring Treasury Management Practices remain in line with the SORP.	TM Policy Statement 12 TM 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 Actual Net interest re fixed rate borrowing / investments	108%	148%

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 Actual Net interest re variable rate borrowing / investments	-8%	-48%	
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 where loans are maturing. The Council therefore sets limits whereby long term loans mature in different periods thus spreading the risk.		£10,000	£10,000	
10)	**Maturity structure of new fixed rate borrowing during 2010/11**		Upper Limit	Lower Limit	Mon 1
	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.	under 12 months	10%	0%	6%
		12 months and within 24 months	10%	0%	2%
		24 months and within 5 years	25%	0%	6%
		5 years and within 10 years	40%	0%	23%
		10 years and above	90%	30%	63%

Glossary Of Abbreviations

HRA Housing Revenue Account

CYC City of York Council

SORP Statement of Recommended Practice for Local Authorities

CFR Capital Financing Requirement

1. In accordance with the Prudential Code, the Prudential Indicators set by full Council on 25th February 2010 for the financial year 2010/11 must be monitored and reported through the financial year. The Prudential Indicators are detailed above and some of the key points are explained below:

2. Size of the **Capital Programme (Indicator 1)** - The capital programme expenditure at monitor 3 was estimated to be £64,802m and in the original budget was £73.024m. The Capital Programme Monitor 3 report provides further information with regards to the movements.

3. **Net revenue Stream (indicator 2)** - This indicator represents how much borrowing for the capital programme will cost as a percentage of the net revenue stream. The General Fund indicator at Monitor 3 is 8.95% compared to a budgeted level of 9.30%. This indicator has fallen slightly due to a lower amount of borrowing estimated to be repaid during 2010/11 as more capital receipts have been received in the year than originally anticipated. The Housing Revenue Account (HRA) version of the indictor at monitor 3 is 2.50% compared to the budgeted level of 3.11%, the difference is due to lower amount of interest to be paid on debt in relation to the HRA than originally anticipated.

4. **Incremental Impact on the Level of Council Tax (Indicator 3)** – This indicator shows the impact of capital investment decision on the bottom line level of Council Tax. The Council can fund its discretionary capital programme from two main sources, from unsupported borrowing or using capital receipts from the sale of surplus assets. The Council's policy is to use capital receipts to fund the Capital programme, however in the current economic environment with reduced capital receipts there is the requirement to use unsupported borrowing, which has an impact on Council Tax. The unsupported borrowing is not taken unless it is affordable, sustainable and prudent and can be supported by an existing budget. At monitor 3 the impact on

council tax is estimated at £21.72 per Band D charge. This has decreased from the estimate of £25.43 due to the interest paid on new borrowing during 2010/11 being lower than expected in the budget. Borrowing taken at the beginning of the financial year was at rates lower than originally anticipated due to the sentiment on the market that the economy was weak and there was a risk of a double dip recession. A reduced amount of borrowing has also occurred as more capital receipts have been received in the year than originally anticipated.

5. **Capital Financing Requirement (CFR) (Indicator 5)** - The CFR at Monitor 3 is estimated at £162.492m, which is the Council's underlying need to borrow for all capital investment over time. The CFR will fluctuate as new schemes are introduced into the capital programme and the funding position changes (as a result of external contributions, reductions in grants, changes to capital receipts etc) to support the Capital investment of the Council. A technical review of the calculation of the capital financing requirement and the minimum revenue provision is currently underway. More detail on the financial impact of this will be provided in a future report.

6. **Authorised Limit / Operational Boundary (Indicator 6)** – The Council debt position at 1 April 2010 was £116.064m and currently stands at £136.064m. The Council's Operational Boundary (maximum prudent level of debt) was approved at Council as part of the budget set at £171.9m, along with the Authorised Limit (maximum allowed debt) at £191.9.m. The headroom available within these limits allows the Council the ability to borrow in advance of need in accordance with its 3 year forecast Capital programme. If these limits were breached the LG Act 2003 requires full Council approval. Debt levels have remained within the limits set.

7. **Adoption of the CIPFA Code of Practice in Treasury Management (Indicator 7)** – In accordance with the Prudential Code the Council has adopted the revised Treasury Management Code of Practice on 25 February 2010 and as detailed in the table has adhered to the requirements.

8. **Upper Limit for Fixed and Variable Interest rate Exposure (Indicator 8)** – Interest rate exposure on debt is positive due to it being in relation to interest paid on borrowing and on investments is negative as it is interest being received. When the variable and fixed interest rates are totalled, it will always be 100%. If the majority of the interest received by the Council is fixed and the interest paid on debt is fixed then the closer the actual fixed interest rate exposure will be to 100% and the variable rate exposure to zero. The limits set in the budget were not breached and at Monitor 3 fixed rate exposure was at 148% and variable rate exposure –48%.

9. **Upper Limit for total principal sums invested for over 364 days (Indicator 9)** – This has been set at £10m and is approximately 17% of the total average investment portfolio. To date in 2010/11, no funds have been invested for longer than 364 days due to the uncertainty in the current economic environment and no value to be obtained from the longer rates available to the council within its credit criteria limits.

10. **Maturity structure of fixed rate borrowing in 2010/11 (Indicator 10)** – The borrowing portfolio is spread across different time periods to ensure that the Council is not exposed to the requirement to take new borrowing in any one year and be exposed to interest rates in any one year. Currently in 2010/11 the borrowing portfolio maturity profile is within the limits set.

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CITY OF YORK COUNCIL

Executive **15th February 2011**

Report of the Director of Communities and Neighbourhoods

Housing Rent Increase 2011/12

Summary

1. This report asks the Executive to consider the rent guidelines issued by the Department for Communities and Local Government (CLG) for 2011/12.

Background

2. In 2000 the Government announced that from April 2002 all councils and housing associations had to set their rents on a new, fair and consistent basis. This involved a phased change in rents over 10 years beginning in April 2002 based on a formula for rent setting created by Central Government. This is known as rent restructuring and means that actual rents are currently in the process of moving towards a Government set target rent. Under the original proposals announced in 2000, similar properties should be charged similar rents by 2012 regardless of who owns the property. This is known as rent convergence.

3. The actual rent is the rent charged to the tenant. The guideline rent is a notional rent and a feature of the Housing Revenue Account (HRA) subsidy system. This is the level of rent the HRA subsidy system assumes an authority is receiving for the purpose of calculating its HRA subsidy entitlement.

4. The Government formula rent takes account of various factors including the number of bedrooms a property has, property valuation, average earnings and the date at which all rents are expected to converge.

5. The CLG have proposed in the subsidy determination a guideline rent increase of 6.5%. Taking into account the rent calculations on individual properties and the impact of moving all rents towards the target rent results in an actual average rent increase in council rents (on a 52 week basis) of 6.4%.

6. The HRA subsidy rules ensure there is a financial penalty if the guideline rent increase is not followed. Under the Government’s rent restructuring policy there is an annual withdrawal of housing subsidy at least equal to the guideline rent increase which results in an increased HRA subsidy payment that is not matched by increased rental income should the guideline rent increase not be implemented.

7. These rules result in the additional income generated from the rent increase always being paid to the government in the form of negative subsidy and as such not being available for investment. Therefore, even if a lower increase was applied the council would still have to pay the Government the same amount as if the guideline rent increase had been applied resulting in an increased subsidy payment that is not matched by increased rental income.

8. It is important to note that major reform of HRA Finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government, will lead to very substantial changes in the way in which the HRA is financed and implementation of the 2011/12 guideline rent increase is crucial to ensuring the long term viability of the HRA business plan.

9. However, for 2011/12 the current system of HRA subsidy continues and there is a net surplus on the notional HRA as the rent income exceeds the subsidy payable by the Government for HRA expenditure on management, maintenance, etc. This results in a “negative” subsidy payable by the authority to the Government of £7,746k for 2011/12. This compares to £6,145k for 2010/11 as set out in the table below.

	2010/11 Estimate £’000	2011/12 Estimate £’000
HRA subsidy payable (including MRA)	19,143	18,035
Less Notional Rent Income from council tenants	(25,288)	(26,837)
Equals Negative Subsidy payable	(6,145)	(7,746)

Consultation

10. None specifically required.

Options

11. Option 1 – RECOMMENDED OPTION

To continue rent restructuring and increase rents by an average of 6.4% in line with government guidance on rent restructuring.

12. Option 2

To implement a lower rent increase than the recommended government guidance.

Analysis

13. Option 1 – increase rents by 6.4% in line with Government guidance. This is in line with the recommendation from CLG and matches the assumed level of income in the HRA subsidy calculation and HRA budget.

14. For comparison, the table below shows the average rent increases being proposed in some of the other Yorkshire & Humber councils.

Authority	Average increase proposed
Rotherham	8.7%
Leeds	6.8%
Sheffield	6.8%

Barnsley	8.1%

15. Option 2 – implement a lower rent increase. This would again be against the Government guidance on rent restructuring and would have the effect of either
    - extending the date for rent convergence beyond the recommended date of 2015/16
    - or higher increases being needed in future years to compensate for a lower increase in 2011/12.

    This level of rent increase would generate less income than the level assumed in the Governments subsidy calculation and the HRA budget.

16. The rent increase will apply to all council properties including hostels and travellers sites.

Corporate Priorities

17. Implementing the recommended option would ensure a balanced Housing Revenue Account (HRA) budget in 2011/12 thus allowing the work on improving the quality of the councils affordable housing to continue.

Implications

18.
- **Financial** - The financial implications of a 6.4% average rent increase have been included within the Housing Revenue Account 2011/12 budget. Implementing a lower increase would result in an annual ongoing loss of income to the HRA of £261k for every 1% below the recommended increase. This loss of income would need to be met from the balance currently held on the HRA and the full impact of this option on the long term viability of the HRA business plan would need to be evaluated.

- **Legal** - It is necessary to serve notices on tenants to vary their current rent and a minimum of four weeks notice is required.

- **Equalities** – An Equality Impact Assessment has been completed and the recommendation to increase rents in line with government guidance does not discriminate adversely against any group.

- There are no Human Resources, Crime and Disorder, Information Technology, Property or other implications arising from this report

Risk Management

19. There is a risk to the long term viability of the HRA should the rent increase not be agreed, as income will be lower than accounted for in the HRA business plan which could in turn effect future planned expenditure.

20. In compliance with the Councils risk management strategy the main risks that have been identified in this report are therefore those leading to financial loss (Financial).

21. Measured in terms of impact and likelihood, the risk score all risks has been assessed at less than 16, This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.

22. Due to the significant financial cost of option 2 there are increased risks to the long term viability of the HRA business plan should this option be approved.

Recommendation

23. That option 1 is approved and the average rent increase in York of 6.4% be agreed.

Reason: To ensure a balanced HRA.

Contact Details

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Report Approved ☐ **Date**

Specialist Implications Officer(s) *None*

Wards Affected: **All** ✓

For further information please contact the author of the report

Background Papers:

CLG Housing Revenue Account Subsidy Determinations January 2011
OIC Housing December 2001 – Implications of Rent Restructuring

Agenda Item 9

CITY OF YORK COUNCIL

Executive

15 February 2010

Report of the Director of Customer & Business Support Services

Capital Programme Budget – 2011/12 to 2015/16

Summary

1. This report presents the current position of the 2010/11 –2014/15 capital programme, highlights the existing funding position and associated pressures and then considers the bids received as part of this years Capital Resource Allocation Model (CRAM) process covering the period 2011/12 – 2015/16.

2. Members are asked to:

- Note the current funding position of the capital programme
- Note the new bids for capital schemes, their requirement for funding covering the period 2011/12 – 2015/16 and how best the available resources can be used to achieve the Councils objectives.
- Recommend to Council the recommendations contained within this report.

Background

3. The current 2010/11 – 2014/15 capital programme was approved by Council on 25th February 2010. Since then a number of amendments have taken place as reported to the Executive in the 2009/10 Capital Programme Monitor 3 report, the 2009/10 Capital Programme Outturn report and the 2010/11 Capital Programme Monitor 1, 2 and 3 reports. The changes made as result of the above reports have resulted in a current approved capital programme for 2010/11 – 2014/15 of £221.229m, financed by £121.209m of external funding, and Council controlled resources of £100.020m. Table 1 illustrates the current approved capital programme profile from 2010/11 – 2014/15 as at monitor 3.

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Gross Capital Programme	**64.802**	**55.875**	**50.084**	**30.161**	**20.307**	**221.229**
Funded by:						
External Funding	35.020	20.302	27.458	22.373	16.056	**121.209**
Council Controlled Resources	29.782	35.573	22.626	7.788	4.251	**100.020**
Total Funding	**64.802**	**55.875**	**50.084**	**30.161**	**20.307**	**221.229**

Table 1 – Capital Programme Funding and Receipts Position

4. The make up of the current approved 2010/11 – 2014/15 capital programme can be easily summarised in to 3 key elements.
    - Fully Funded (by Government Departments) - £104.472m
    - Political Imperatives - £86.797m
    - Rolling Programmes - £29.988m

5. The fully funded schemes make up the majority of the capital programme and include the:
    - Local Transport Plan (£9.971m),
    - Department for Children, Schools and Families (DCSF) (£50.552m)
    - Housing Revenue Account Business Plan (£37.503m)
    - Housing General Fund (£918k)
    - Various (£3.352m)

6. The political imperative schemes are made up of 5 major projects and account for £86.797m, the majority of which are funded from corporate resources. These schemes, some of which have already started are summarised below highlighting the budgeted spend between 2010/11 and 2014/15:
    - York Pools – £3.404m
    - Admin Accom - £38.488m
    - Community Stadium - £4.0m
    - West of York Salvage and Recycling Centre - £2.5m
    - Acomb Office - £1.750m

7. There are currently a number of rolling programme schemes totalling £29.988m over the current 5 year programme. These include:
    - Highways Resurfacing and Reconstruction £17.044m
    - Disabled Facilities Grant and Disabled Support Budget £5.007m
    - Special Bridge Maintenance £0.972m
    - City Walls £542k

Funding Position of approved 2010/11 – 2014/15 programme

8. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle based on current projections. The capital programme continues to place significant reliance on the achievement of a small number of high value asset disposals which have been affected by the economic downturn.

9. As part of the CRAM process officers from Property Services are conducting an assessment of the Councils assets that are surplus to requirements. Following a number of years of rationalisation of Council assets, that allowed property and buildings to be freed up for reinvestment, officers have so far been unable to identify any additional assets that are surplus to requirements. The current capital receipts target for the currently approved programme is in itself the most challenging ever faced by the Council, in terms of both volume and value of sales, with the Council remaining reliant on a small number of high value capital receipts.

10. As reported in the 2010/11 – 2014/15 Capital Budget report approved by Full Council on 25 February 2010, the Council had a capital receipts requirement of £28.477m to fund new capital schemes. It was reported based on projections at the time that the value of the assets to be disposed of was £24.704m leaving a shortfall of £3.773m. The reduced asset value was reflective of property market conditions at that time and it was accepted that over the medium term the asset values would rise to match the required value of £28.477m. As a result the decision was taken to hold the sale of assets where it was not in the interest of the Council to dispose. This places pressure in terms of funding the new capital schemes which is currently using temporary prudential borrowing to fund the programme until such time when the receipts are realised and used to repay the borrowing.

11. The monitor 3 position is for a required level of receipts of £26.659m with an expected receipt value of £24.298m leaving a temporary shortfall of £2.411m. Table 15 shows the position at monitor 2 against the budget setting position.

	Capital Budget Report 10/11 – 14/15	Capital Monitor 3 Report 10/11 – 14/15	Movement
	£m	£m	£m
Receipts Required	28.477	26.659	-1.818
Receipts Forecast	24.704	24.248	-0.456
Temporary Shortfall	3.773	2.411	-1.362

Table 2 – Capital Receipts Shortfall

12. It should be noted that the 2009/10 and 2010/11 budget process did not add any new schemes that required capital receipts funding so the existing capital receipts pressure is as a result of the 2008/09 budget setting process, which when set was balanced.

13. A further financing position to note relates to the capital schemes that were approved as part of the 2009/10 and 2010/11 budget process. As part of these processes schemes requiring funding totalling £18.029m and £5.836m were approved respectively. These schemes were to be funded based on a combination of revenue contributions and prudential borrowing with the programme being monitored annually to assess the affordability and the impact of timing differences. As budget pressures have transpired these schemes have been funded using prudential borrowing with the revenue implications being managed within the treasury management budget that takes account of the associated revenue pressures of the capital programme.

14. The impact of the 09/10 and 10/11 budget processes that both covered a rolling duration are shown in the table below. The table shows that based on progression of the currently approved schemes in 2011/12 financial year the new revenue implications would be c£836k. The exiting treasury management growth of c£1m as shown in the revenue budget papers provides sufficient capacity to cover the revenue implications of this new programme of works. It should be noted that the table includes the addition outside of the budget cycles of funding for the Crematorium and the Councils contribution to the Heslington Sports Village Pool. The extent of the increase in growth on the revenue budget would be as illustrated in table 3.

Financial Year	**Capital Expenditure Value**	**Revenue Growth Required Assuming Prudential Borrowing**	**Revenue Funding Awarded / Bid For**	**Comments**
2009/10	£3.050m	£270k	✓	
2010/11	£4.255m	£377k	✓	
2011/12	£9.425m	£836k	✓	Part of current 11/12 budget process
2012/13	£2.595m	£230k	✗	

2013/14	£2.270m	£201k	×	
2014/15	£2.270m	£201k	×	
Total	**£23.865m**			

Table 3 – Revenue growth implications of funding existing capital programme using prudential borrowing

15. The following sets out the major schemes contained within the £10.465m 11/12 financial year that are currently approved:
    - Community Stadium £4.000m
    - West of York Recycling £2.500m
    - Highways R&R £1.250m
    - Heslington Sports Village Pool £1.000m
    - Disabled Facilities Grant £475k
    - Acomb Office £350k

16. These assumptions are incorporated into the current revenue budget cycle and will feed into the Councils Medium Term Financial Strategy, but will clearly need to be considered/reviewed as part of each years budget setting process. In particular it may be that additional capital receipts are identified over coming years which would reduce the need for prudential borrowing, and also some capital schemes within the programme are still subject to detailed business cases being considered by the Executive, and as such some of the assumptions for future years will potentially change also.

The 2011/12 CRAM Process

17. The CRAM process invited bids from the departments asking them to put forward their main capital priorities. Of the 30 bids received, 10 are fully funded from external sources, 6 are rolling programme bids, with the remaining 14 bids seeking additional discretionary resources over and above those already approved in the Capital Programme. In total, requests that would increase the Capital Programme by £30.502m have been made, requiring an additional £10.659m of Council funding over the 5 year period.

Summary of Bids

18. The 2011/12 – 2015/16 CRAM process uses the ranking system of high, medium and low classifications to assign a level of priority to individual scheme bids. Two key assumptions form the basis of this ranking methodology, firstly the need for rolling programmes remains a high priority in the same way they were on their

original inception into the programme and secondly that any schemes that are legislative requirements will be ranked as high. Using this methodology the Capital Asset Management Group (CAMG) have categorised the bids which have requested new or additional funds beyond the level which is currently approved. Table 4 shows the schemes which are currently requesting Council funding. Note all bids are being included at this stage for completeness.

Rolling Programme Scheme requiring CYC funding	**11/12 £000**	**12/13 £000**	**13/14 £000**	**14/15 £000**	**15/16 £000**	**Total £000**	**Rank**
Disability Support				10	170	**180**	High
Community Equipment Loans Service					105	**105**	High
Disabled Facilities Grant					475	**475**	High
City Walls Rolling Repair	52	52				**104**	High
Bridge Maintenance					200	**200**	High
Highways Resurfacing and Reconstruction					1,250	**1,250**	High
Sub Total	**52**	**52**	**0**	**10**	**2,200**	**2,314**	
New Schemes requiring CYC funding	**11/12 £000**	**12/13 £000**	**13/14 £000**	**14/15 £000**	**15/16 £000**	**Total £000**	**Rank**
Access York		293				**293**	High
Telecare Equipment	250	250	250	250	250	**1,250**	High
LTP (Minster Piazza)		250				**250**	High
Riverbank Repairs – Scarborough to Clifton Bridge	600					**600**	High
Riverbank Repairs – Blue Bridge Slipway	249					**249**	High
Riverbank Repairs - Marygate		573				**573**	High
Contingency	300					**300**	High
Critical Repairs on Retained Buildings	500					**500**	Med
Highway Drainage Works	200	200	200	200	200	**1,000**	Med
Carbon Reduction in Street Lighting	200	200	200	200	200	**1,000**	Med
Hungate Archaeology	70					**70**	Med

Demolition of Parliament St Toilets	134					**134**	Med
Modernisation of Exhibition Square Toilets	500					**500**	Med
Replacement of unsound lighting columns	200	200	200	200	200	**1,000**	Med
Yearsley Pool Energy Review	376					**376**	Med
Energy Conservation	100	100	100	100	100	**500**	Low
Litter Bin Replacements	50					**50**	Low
Sub Total	**3,729**	**2,066**	**950**	**950**	**950**	**8,645**	
Total	**3,781**	**2,118**	**950**	**960**	**3,150**	**10,959**	

Table 4 – Summary of Bids Requesting Prudential Borrowing Funding

Detailed Bid Analysis of High Priority schemes

19. Details of the bids in table above are set out in the following paragraphs. For each bid a summary is provided along with the potential consequences of not proceeding with the scheme.

<u>Rolling Programme Bids</u>

Disability Support Budget (£180k) - High

20. This scheme provides discretionary assistance for disabled customers who need financial help. The assistance (in the forms of loans and grants) given helps 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 as well as relocation expenses. Given the relationship with the increasing number of elderly residents and the increasing life expectancy of disabled children with complex needs there is a need to increase funding for this area to meet the demand. There is direct link with the disabled facilities grant budget.

21. The council has a statutory duty to administer disabled facilities grants and without this additional support the number of schemes carried out will decrease. This has the potential to be a significant risk as it effects the ability of the council to provide a statutory service, as well as not being able to deliver timely and quality services leading to increase in complaints, and the potential for vulnerable residents to be put at risk. This is part of the council's obligations to deliver specific legal duties under the Disability Equality Duty Act 2006 by providing the right services to eliminate discrimination and enable disabled people to live independently.

22. Revenue Impact - Should the council not be able to fund the works that the customer requires to remain safe and independently in their home or relocate to a more suitable property could either result in more costly care package in the home or the need for residential or nursing care at a cost to the council. The average cost of a the additional DSB support is about £10k as opposed to the average annual cost of residential care of £19k.

23. Customers Impacted – It is difficult to provide the exact number of customers who are helped with additional support. However we can advise there has been year on year increase in the referrals for families with disabled children following the removal of the statutory means testing (part of the disabled facilities grant process) for this group in December 2007. We anticipate helping about 12-15 families. Without this support there is a significant risk that the both the carers and the disabled person are put at risk and the council doesn't meet its statutory duties.

Community Loans Equipment Service (£105) - High

24. This scheme enables people with complex and disabling conditions to be safely cared for in their own homes avoiding unnecessary admissions to Hospital or Nursing care. The funding would provide support to Carers to enable then to continue to care for their partner/relative in their own homes. In the main the scheme funds the purchase and maintenance of major items of equipment to aid daily living (£90k).

25. The risks of not proceeding, as with the Disability Support Budget Schemes, are that the financial burden on vulnerable residents increases, the potential for residents to not adapt homes for disability needs and the potential increase cost to PCT/CYC of support in residents own homes or through increased length of stay in hospital.

26. Revenue Impact - A customer, for example, may have a recliner shower chair installed at a cost of £1k which enables their carer to wash the individual. Without this piece of equipment , the carer would be unable to bath the individual and as a bare minimum 2 home carers would need to wash the individual at a cost of £30 per week (£1.5k per annum). At the opposite end of the spectrum, the individual may have to go into residential care which costs £371 per week, approx £19k per annum

27. Customers Impacted – approx 75 pieces of equipment were issued to customers in 2009/10 and similar numbers are expected in 2010/11 and 2011/12.

Disabled Facilities Grant (£475k) - High

28. This scheme allows payment of mandatory disabled facilities grants in line with statutory and Council policies (Housing Grants, Regeneration and Construction Act 1996 as amended and Grants policy - June 2008). The DFG rolling programme enables disabled people to remain at home and maximise their independence.

29. The council has a duty to assess and make arrangements for adaptations via the Chronically Sick and Disabled Persons Act 1970, and in addition has a mandatory duty to provide grants for adaptations via the Housing Grants Construction and Regeneration Act 1996. Lack of funding could prevent the ability of the Council to fulfil a given level of our legal duties.

30. There is potential for vulnerable customers to be put at risk by living in potentially difficult conditions. It should be noted that non progression with adaptations distorts and increases work loads for other service .e.g. occupational therapists and care services.

31. Revenue Impact - Should the budget be reduced there is direct impact on revenue budgets. The fee income received with each disabled facilities grant directly helps to support the team which enables the work to be carried out in the customers home.

32. Customers Impacted – Given the increasing number of referrals received the number of completed DFGs continue to grow. It is anticipated that we will complete about 175 disabled facilities grants for vulnerable customers in 2011/2012, which is more than double the number completed three years ago.

City Walls Rolling Repairs (£104k) - High

33. 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 2011-12 the programme will address the following areas where monitoring has indicated urgent intervention is required: (a) phase 1 repair and restoration at Walmgate Bar (in particular restoring stone support columns so temporary supports can be removed); (b) phase 1 monitoring, investigation and installation of temporary supports at Tower 32 (ch 2485), Monk Bar steps (ch 2270), Bitchdaughter Tower (ch. 160). Phase 2 of these two pieces of work will follow on in 2012-13 (c) repainting railings at Station Rise, Bootham Bar to Monk Bar, Monk Bar to Layerthorpe prevent further deterioration from corrosion.

34. The impact of not undertaking this scheme will be 1) that the condition of Walmgate Bar will deteriorate 2) that there will be an increased probability of localised structural failure with individual masonry or render pieces falling coupled with either partial or total collapse of the stone columns at Walmgate Bar and the possibility of masonry falls or partial or total collapse at Tower 32, Monk Bar steps and Bitchdaughter Tower 3) that Walmgate Bar or a section of wall may have to be closed within a period of 3 to 5 years 4) that access to areas adjacent to the City Walls may have to be restricted.

35. Revenue Impact - There will be no revenue impact from carrying out the restoration work. Revenue funding is already at an absolute minimum enabling

only basic maintenance to be carried out, with an annually increasing backlog of outstanding work.

36. Customers Impacted – The Bar Walls are one of the city's key visitor attractions and deferring maintenance may lead to partial closure of parts of the walls and leave sections surrounded by scaffolding so the city as a visitor destination will diminish. In addition, further deterioration of Walmgate Bar may lead to additional safety issues for pedestrians and vehicle access.

Bridge Maintenance (£200k) - High

37. Inspections are carried out on highway structures which result in a programme of bridge maintenance work. The regular cycle of general inspections provides a continuing programme of maintenance and there is a backlog of work identified from previous reports. This scheme is required to carry out the work to maintain the structures in a serviceable and safe condition.

38. Bridge inspections are carried out on an annual basis, currently the results of the bridge inspections over the previous years do not highlight any immediate or major repairs to be carried out. However, the general inspections provide information that generates a programme of structural works to keep the assets maintained and safe which at the moment has a backlog. Capital works have been identified for the following structures: 1)Severus Bridge – various concrete repairs, 2) Piccadilly Bridge – waterproof deck and concrete repairs, 3) Rawcliffe Ings Bridge – concrete repairs, 4) Lendal and Skeldergate Bridges – blast clean and painting of the under deck steelwork

39. A funding reduction would not impact on the overall condition of the structure in the short term, but ultimately deterioration in the medium to longer term may reach such a stage that more major works at a far greater expense are required, and causing greater disruption to the highway network.

40. Revenue Impact - There will be no revenue impact from carrying out this work. Existing revenue funding is sufficient to carry out minor repair schemes to the highways structures inventory on an ongoing basis, but not for the major schemes as proposed. Revenue funding will continue to be required for this purpose.

41. Customers Impacted – There will be no customers impacted directly as a result of the completion of the proposed works, but access may be restricted during the works.

Highways Resurfacing and Reconstruction (£1,250k) - High

42. A programme for the resurfacing and reconstruction of the City's roads and footways has been established to halt deterioration and maintain highways in the best condition possible with the anticipated level of capital available. The Transport Asset Management Plan has Identified the total annual rolling budget requirement for a optimum structural maintenance regime is circa £4.00m per year.

In 2010/11 a budget of £2.976m was allocated for R&R, made up from £0.241m CYC Revenue, £1.215m CYC Capital and £1.52m from the DfT Local Transport Plan settlement. Although the proposed allocations in this bid are insufficient to fund the long term maintenance of the highway infrastructure they are considered to be the minimum required based on what is affordable.

43. The Council has a statutory duty under the Highways Act 1980 to maintain the public highway fit for purpose. The risks of not proceeding with this scheme are that without a full programme of work the condition of the roads and footways will deteriorate. A deteriorating highway network would lead to a need to undertake more reactive maintenance, an increase in insurance claims, a lowering of performance indicator scores, and have an effect on the economic environment of the city.

44. Revenue Impact - Failure to undertake capital structural repairs of the road and footway networks will lead to a deterioration of their condition and have a direct impact on the existing revenue budgets that are already under pressure. The rate of deterioration and the additional revenue required is unknown but the costs are anticipated to be substantial.

45. Customers Impacted – A deteriorating condition has the potential to increase the number of insurance claims for damage to person and property and affects all residents and visitors to the Council area.

New Schemes

46. It is normal practice that schemes requiring capital funding are identified where possible well in advance of need giving a lead in time of more than one financial year. Many of the major bids requiring funding in 11/12 support this practice with schemes totalling £9.425m having been approved in previous CRAM processes.

47. However as part of this report there are schemes that require funding in 11/12 that are of a more reactive nature thus not allowing for such a long lead in time. Programme managers are actively encouraged to submit bids with a long a lead in time as possible but this approach is only achievable where the nature of the scheme allows this approach.

Access York Phase 1 (£26.3m - £293k new funding requested) - High

48. The Access York Phase 1 scheme proposes 3 new P&R sites (Askham Bar, A59 Poppleton, Wigginton Road) and improves the A59/A1237 roundabout. The scheme was the subject of a successful bid to the Regional Transport Board in April 2008 with a complete Major Scheme Business Case submitted in February 2009 and refreshed in June 2009. Programme Entry was originally awarded under the previous government in March 2010 but the scheme is now subject to re-evaluation as part of the spending review. 100% of the preparatory costs before the submission of the DfT bid and 50% of the preparatory costs after gaining acceptance by the DfT have to be funded locally. A 10% local contribution is

required for funding the construction of the scheme. Planning consent has been granted for all 3 sites. It is also expected that the sale of the existing Askham Bar site, which will be vacated when the new site becomes operational, will provide some of this funding. It is anticipated that the remainder of the funding will be provided by the Local Transport Plan and Developer contributions. The whole scheme is dependent on the outcome of the Spending Review, although detail probably won't be available imminently. The bid for growth of £293k is to cover the risk that design work currently being undertaken for the Askham Bar site will not be recoverable as part of the local contribution to the scheme. Funding requirement will be confirmed when decision is made by the DfT.

49. The principal risk of not proceeding with this scheme is that the step change in transport provision provided by the new Park & Ride sites and infrastructure improvements will not occur. Air quality and traffic congestion will continue to worsen on the northern Outer Ring Road and radial routes into the city centre. The existing A59/A1237 roundabout, which causes a significant proportion of the delays on the northwest section of the A1237, will not be upgraded reducing the economic attractiveness of the city. Without the improvements included in the Access York Phase 1 project there is a significant risk that the congestion target within the Local Area Agreement will not be achieved. It should be noted considerable abortive development costs would be incurred if the scheme did not progress.

50. Revenue Impact - There are no direct revenue savings from the scheme.

51. Customers Impacted – The overall scheme if approved by the DfT provides 40% more P&R car parking spaces around the city. Additional capacity will be provided at the currently oversubscribed Askham Bar site with new sites built on the A59 and Wigginton Road corridors. Journey times will be reduced significantly for the 40,000 vehicles which pass through the A59/A1237 roundabout each day.

Local Transport Plan (250k) - High

52. The Third Local Transport Plan (LTP) is the council's strategic transport plan which runs from 2011 onwards. The funding presented within this bid is reflective of the funding settlement. Implementation of the plan includes expenditure on local safety and traffic management measures, pedestrian and cycle improvements, new public transport infrastructure and other transport schemes to support the city's objectives. A nominal allocation for schemes funded from s106 developer contributions is also included within the submission. The reduced anticipated budget (>50% reduction) will mean that the amount of improvement work which can be implemented will be much lower than has been delivered over the last 10 years. The LTP allocation included in this bid will also be used to part fund the local contribution required for the Access York Phase 1 scheme. To account for this reduction and the Access York funding commitments a bid for additional funds (£250k) is made for the contribution to the Minster Piazza scheme which had previously been identified for funding from the LTP.

53. The £250k requested for Minster Piazza was originally to have come from LTP funding. However due to expected cuts to LTP the bid is for the £250k to be funded by CYC resources. The Piazza will have a positive impact on the city, and be achieved with quite a small contribution from CYC. It should be noted that the contribution could still come from within LTP budget, although it would result in fewer transport schemes being funded.

54. Revenue Impact - There are no direct revenue implications as a result of this bid.

55. Customers Impacted – The improvements to the highway adjacent to York Minster will improve linkages between the Mister and the City Centre foot streets. This will significantly improve the experience of visitors to the Minster (currently c. 800,000 per annum) but also to the large numbers who experience the Minster's beauty from outside. In addition, the piazza will become an exciting space for people to congregate and offers opportunities as performance space for arts and culture-related activities, which attract further visitors to York in their own right.

Telecare Equipment (£1,250k) - High

56. This scheme requests funding for telecare equipment - specifically sensors to be installed in vulnerable customers' homes to deal with specific assessed risks. The sensors will be linked to the Council's Community Alarm system and trigger alerts automatically given a programmed set of circumstances, ensuring a prompt response to problems from our warden service. The continued provision of telecare equipment is vital in the current financial climate in order to provide support to more people at a lower cost. These pieces of equipment have to be provided free of charge to the customer and provide customers with assurance and 24 hour monitoring of their circumstances. In some cases the provision of telecare equipment can prevent a move to potentially expensive residential care and can provide monitoring so that smaller care packages can be commissioned.

57. The risks of not proceeding are that the growth and development of our prevention services will not progress and that existing warden services will not be able to function. This is part of the Council's obligations to deliver specific legal duties under the Disability Equality Act 2006 by providing the right to eliminate discrimination and promote disabled people to enable them to live independently.

It should be noted that the need for equipment for Telecare will be recurrent at this level over the next five years. Officers are also exploring opportunities to supplement the amount in this bid, to expand the availability of Telecare beyond the level requested. For example we have developed a joint bid for use of funding available to health partners to support reablement.

58. Revenue Impact - Assuming the Council continue at the same level, and avoid admission for an average of 12 months per person this would produce a minimum cost avoidance of £983k over a four year period equivalent to a saving/reduced pressure of £246k per annum per £250k capital invested. (Based on an approximate gross charge of £430 per person per week).

59. Customers Impacted – To date this year with 191 new customers receiving Telecare as part of a care package 44 have been identified who would otherwise have been at risk of admission to residential care homes.

Riverbank Repairs – 3 schemes - (1,422k) - High

60. In 2002 a Council engineers' survey of the riverbanks of the Ouse and Foss Basin, detailed required works over a 10 year period. Three main areas were identified as requiring stabilising work in 5 years time, of those areas, two are still outstanding requiring urgent repair; east bank between Scarborough Bridge and Clifton Bridge (£600k); east bank between Lendal mooring and Marygate Landing (£249k). These works are required now. Scarborough to Clifton Bridge section has suffered collapse in places with areas having been fenced off. This is additional to the works recently undertaken in this area. Lendal Mooring to Marygate is a continuation of the piling work undertaken earlier at Lendal Mooring which was restricted works due to funding pressures. This stretch is now severely undermined by river erosion and work is required to avoid collapse and damage to visitor moorings. An additional problem has come to light at Blue Bridge Slipway (£573k), which has collapsed at beneath water level and the adjacent wall is severely cracked and posing a potential risk to the public.

61. Potential risks in relation to this scheme not progressing are wide ranging. It could be argued that the Council would not be carrying out its legal duty as navigation authority which could lead to legal although the incidence of this is not evidenced as part of this bid and is believed to be unlikely. If the riverbanks where to collapse there would be no cycle/foot path and no visitor moorings on these area with the areas being fenced off to prevent access to the public. Closure of the affected areas to the general public will have to be considered if the CRAM bid is unsuccessful and may have to be considered as a temporary measure before works can commence. Areas at Clifton have already been fenced off to the general public. Delays in early intervention can often lead to more expensive repair as the river erosion will continue and exploit the weaker riverbank.

62. The prioritisation takes into account safety, and is an engineering judgment on the basis of survey information. The Council has a duty of care to maintain assets in a safe condition and this consideration far outweighs impact on visitors. The Scarborough Bridge to Clifton Bridge length of bank is in very poor condition, already dangerous with holes in the bank, but currently in a repairable condition which would be a minimum cost job. Complete replacement following collapse would be far more expensive and cause disruption to the path on the bank which is very well used by pedestrians and cyclists. The Council does not own any land onto which the path could be diverted. Users are both commuting residents and tourists, as the path is part of Sustrans Route 65 and a route to the Youth Hostel. The Lendal to Marygate length is not in such bad condition and the engineering judgment is that it is not in such urgent need of work.

63. Depending on the Navigational Obligation the Blue Bridge Slipway could be closed as under our duty of care we would be negligent leaving it open to access in it's defective state. British Waterways have been consulted on this option and voiced no objection.

64. Revenue Impact - There will be no revenue impact from carrying out the works as no maintenance is currently carried out on the affected lengths due to there being no revenue funding for this purpose.

65. Customers Impacted – the footpath by the Ouse is popular with pedestrians and cyclists and further damage to the riverbank could leave the Council at risk if public safety is compromised, however some areas are already fenced off. The land adjacent to the path is privately owned so the path could not be re-routed. The riverbank between Lendal Bridge and Marygate is used for public moorings so there is the potential loss of this facility. The Blue Bridge slipway is a public highway but if it was closed there unlikely to be an impact on the general public.

Contingency (£300k) – High

66. Consideration should be given to creating a corporate capital contingency budget. This would be in effect approved by Council but would then be managed by the Executive. It would allow for small ad hoc schemes to be dealt with by the Executive, and allow for any minor items of an urgent nature to be approved in year.

67. Revenue Impact - This removes the pressure for revenue budgets to be found at short notice to fund capital works.

68. Customers Impacted – Unable to quantify at this stage due to the unforeseen nature of funding.

Highway Drainage Works (£1,000k) - Medium

69. In 2008 a revenue growth bid was approved to provide £200k to deal with some of the most persistent and troublesome highway drainage problems, with a further £200k revenue provided in 2009/10. Locations were identified which had produced repeated customer complaints, or were known to officers and Ward Members as areas where significant ponding had not been eased by normal reactive maintenance, and these were prioritised according to degree and location of flooding. £1m of additional capital funding was allocated to highway maintenance for 2010/11, of which £200k is being used to continue the drainage work. The funding has enabled significant works beyond the scope of normal highway drainage budgets to be carried out in a number of locations and continued funding will enable further problem locations to be addressed.

70. The locations identified in this programme are known highway drainage problems and the proposed work is designed to refurbish and bring the current drainage network up to current standards.

71. The Flood and Water Management Act requires the Council as a Lead Local Flood Authority to investigate incidents of flooding including those on the highway. This bid relates to rectifying highway drainage flooding problems and improving the current underground surface water systems at these locations. Flooding of property and land adjacent to the highway may occur as a consequence of the highway flooding problem.

72. Revenue Impact - The existing drainage revenue budgets is not sufficient to cope with the continuing drainage problems. Without capital investment to improve the drainage network the pressure on revenue budgets will increase.

73. Customers Impacted – Flooding of the highway has the potential to cause damage to person and property throughout the Council area.

Carbon Reduction in Street Lighting (£1,000k) - Medium

74. As part of the Council wide carbon reduction commitment of 25% in five years, street lighting has been taking a leading role. To enable a reduction in energy and carbon emissions investment is needed in replacing older less efficient equipment with newer technologies and innovations. It is anticipated following on from this years works a further 10% reduction is needed to meet targets over the next three years.

Without this funding the council will struggle to meet its reduction commitments. It is widely acknowledged that the cost of energy will be set to rise, as such by not investing in more energy efficient equipment the council will incur larger increases in costs.

75. Revenue Impact - It is anticipated that an investment of £200k will yield energy saving of £64.5k per year from 2012/13 onwards. These costs will vary depending on the ratios involved and the anticipated rises in energy costs. The proposed introduction of carbon trading has the potential to increase the level of savings. CYC is committed to save 25% of carbon in lighting over five years, without investment this will not be achieved.

76. Customers Impacted – None specifically identified.

Demolition of Parliament Street Toilets (£134k) - Medium

77. Following the opening of the new City Centre Public Conveniences at Silver Street, the former toilets building, the Central Building at Parliament Street, is surplus to requirements. The building has attracted some anti-social behaviour and incurs running costs - the largest being empty property rates estimated at £8,000pa in 2011 - 12. The building is located on the public highway, so cannot be sold for a capital receipt. This bid is therefore to demolish the building , re-provide the use of part as a City Centre / Market store, and level and pave the site. The basement would remain as a void for the time being. Removal of the building would not only save costs, but would open up this part of the City Centre and

create a great opportunity to improve the link between Piccadilly and Parliament Street. A second phase will follow , to use the space created as a multi-purpose arena or as agreed, following further consultation and design work, linked to the City Centre plan.

78. The risks of not proceeding with the scheme are vandalism and costs of keeping the underused building. Loss of opportunity to improve the City Centre for residents and visitors.

79. Revenue Impact - Without demolition the council would have to fund £15k costs of maintaining an empty property, including £8k for business rates.

80. Customers Impacted – Alternative toilet facilities have been provided in Silver Street and the cost of new storage facilities for market and city centre activities will be funded via this bid. However, the demolition will impact on the local businesses and pedestrians where the footfall is 150,000 to 200,000 per week.

Replacement of unsound lighting columns (£1,000k) - Medium

81. As part of the new street lighting contract a structural testing regime for street lighting columns has been put in place. About 1300 steel columns have been tested in 2010/11 and this is showing a failure rate of over 10%. Similarly the majority of concrete columns are rapidly coming to the end of their lives with about 150 reaching a critical condition each year. The Council will have little option other than to carry out these replacements on safety grounds and base budgets cannot support this replacement programme. A fund of approximately £80k is allocated from the LTP settlement but this is insufficient to stem the deterioration and tackle the backlog of columns needing replacing.

82. If the Council fails to act reasonably when provided with information about potentially dangerous lighting columns then in the event of an accident the consequences could be significant such as legal challenge. The alternative to replacement is to remove or cut the columns down. This would result in gaps in the lighting network making the night time scene less safe for the public and will have a detrimental effect on crime figures.

83. Whilst there is no legal compulsion to light a highway, the Council is legally obliged to ensure all lighting stock is in a safe condition. Where the Council does elect to light a highway we are also compelled to light it to the minimum relevant standards. As such a routine testing regime every year along with visual inspections of columns to enable the council to meet its safety obligations is undertaken. This testing has highlighted a 10% failure rate in all steel lighting columns. This rate has shown the columns that pose an immediate danger to the public from sudden failure. As such the authority is compelled to make the columns safe by cutting them down, after they have been removed from imminent danger there is also the possibility the lack of light left behind may increase some of the risk to the public using the highway.

84. In addition to the programmed inspection, on average a further 150 columns of steel and concrete construction are identified as failed from reports from the public and ad hoc site visits. At present the Council replaces approximately 250 columns per year of which £80k is funded from the capital LTP allocation and the remainder from revenue budgets. The current levels of funding are not sufficient to reduce the column replacement backlog. The CRAM bid of £200k will replace approximately 200 columns per year and over a five year period would significantly reduce the backlog.

85. Revenue Impact - The existing LTP(£80k) and revenue budgets are not sufficient to reduce the backlog of street lighting columns that have been identified as being in structural need of replacement. Latest structural inspections indicate that there is a backlog of 3000 unsound columns in need of replacement, typical replacement cost is £1k per column. Failure to provide CYC capital funding will continue to increase pressure on the existing street lighting revenue budgets.

86. Customers Impacted – Insufficient funds may result in unsafe street lighting columns being removed or cut off and not being replaced. Customer complaints will increase, as residents will be concerned with the gaps in lighting and perceived increase in crime and disorder.

Yearsley Pool Energy Improvement (£376k) - Medium

87. This scheme requests funding for the replacement of the steam heating energy source with a Combined Heat and Power Plant (CHP) plant together with gas fired condensing boilers.

88. A plan will be required to replace the current steam supply with a new heating system at an appropriate time, which will minimise any facility closure and associated costs. In addition, an estimated CO2 saving of 290 tonnes per year is expected.

89. Revenue Impact - This scheme would generate revenue savings as the cost of energy type and the level of energy consumption would reduce. This would be sufficient to cover the cost of associated borrowing to pay for the scheme and is estimated to be in the region of £48k

90. Customers Impacted – if successful this scheme would reduce unplanned downtime.

Critical & Essential Repairs to Retained Buildings (£500k) - Medium

91. The current 3 year capital programme of £0.6M for urgent repair works has now been completed. The level of urgent and essential works required as shown by the 2009/10 performance indicator which is in excess of £19m (£3m excluding schools). These repairs are needed to carry out Health and safety work only to Council buildings to safeguard delivery of services. The bid is for work on land and buildings which have been identified for retention only through the Service and

Area Asset Management Planning. This bid is for one year only as there is need for capital for the proposed works which cannot be funded from elsewhere. It will continue to be the intention to submit an annual capital bid from now on to cover new urgent repairs identified during each year.

92. If funds are not available then the existing revenue and capital budgets are insufficient to meet the needs identified above with the result that a Health & Safety failure is likely to occur which would result in the closure of a building and the inability to provide the service to customers without a potentially expensive alternative being found.

93. A list containing the buildings where the proposed works would be carried out is below along with their current existing use and service area:

a) Youth Centres - New Earswick and Heworth Lighthouse
b) Libraries - Clifton, Haxby and Huntington
c) Community Centres – Priory Street, Burton Stone and Sanderson Court
d) Public Conveniences – St Leonard's Place, Haxby Shopping Centre, St George's Field and Nunnery Lane
e) Community Assets – Hull Road Park Pavillion, Knavesmire Changing Rooms and Clarence Gardens Clubhouse
f) Park and Ride Sites – Askham Bar, Monks Cross and Rawcliffe Bar
g) Residential Homes – Oakhaven and Wenlock Terrace
h) Other – Yorkcraft, Crematorium, War Memorials, Residential Properties (not part of HRA stock), Kings Court and other commercial properties where Council has a responsibility as landlord, War Memorials, Retained Admin Accom properties

94. Revenue Impact - There is no direct revenue saving as it is because of the lack of revenue budgets for repairs that this bid for capital is having to be made. However if there was a critical failure in a Council building which resulted in a full or partial closure then the cost of repair would have to be found from revenue budgets or the funds borrowed prudentially which would need a revenue funding stream.

95. Customers Impacted – By carrying out these works the risk of a failure of the structure of the building would be minimised which would mean that all the current users and visitors to the building would not be affected. Failure which resulted in closure would affect all those users as alternative provision would have to be made.

Hungate Archaeology (£70k) - Medium

96. The Hungate site comprised of the Haymarket car park, the former Peaseholme Hostel and the former Dundas Street Ambulance Station, which has outline planning permission as a employment site, has been declared surplus to requirements and has council authorisation to market for sale. The planning permission includes a condition that a former church graveyard on part of the site requires an archaeological investigation and report. Part of the investigation is

currently being undertaken by a third party as a 'works obligation' under an legal agreement for the sale of an adjoining site. Completion of the archaeological investigation would enhance the value of the site and shorten the sale process. The investigation would cost approximately £50k and approximately £20k to provide a new entrance to the car park and other associated costs.

97. Archaeological work needed on the site before it is sold as per the Terms of Sale Agreement. If it is not done the resulting reduction in Capital Receipt may be greater than the work would cost.

98. Revenue Impact - carrying out this investigation would mean that, as the sale process of the building would be shortened by say 3 months the current revenue costs for maintaining this vacant site would be reduced . More importantly an enhanced capital receipt would be obtained as any purchaser would reduce their offer by the cost of the works as a minimum.

99. Customers Impacted – None directly but a speedier development of this vacant site will improve residents and visitors perception of the visual appearance of this area.

Modernisation of Exhibition Square Toilets (£500k) - Medium

100. Following a structural survey of the Exhibition Square toilets an estimate of £54k was submitted for repairs which would bring the building up to a reasonable standard, however within 2 to 3 years the condition of the building would be back to a poor state of condition. An outline plan drawn has therefore been drawn up and costed for a total refurbishment of the facility in order to bring it up to all required standards in line with the facility provided in Silver Street earlier this year.

101. Although closure is an option they are the second most used facilities (Silver Street having the highest user numbers). There are limited facilities in this area of the city and the area has high levels of bus stops. Coach drivers are increasingly dropping off passengers at exhibition square, rather than Union Terrace Car Park and therefore the toilets are being used more than in previous years. The condition is such that if they are to stay open they would need to be modernised.

102. Revenue Impact - There is no revenue saving and any additional cost of staffing a new attended facility will be funded from charges for use. However if this scheme does not proceed we will incur significant additional expenditure on essential repairs that would be required, over and above the maintenance budget of £3k, to the structure and to bring the facility up to standard.

103. Customers Impacted – Average footfall for this facility has been recorded at an average of 1100 customers a day. Short term closure of the facility may be necessary during essential repairs and also during any construction.

Energy Conservation (£500k) - Low

104. To enable continuation of the targeted area based approach to install free loft and cavity wall insulation in all private homes in eligible areas.

105. Vulnerable home owners are put at risk due to health hazards in the home not being removed e.g. excess cold due to lack of insulation. Prevention is the most effective method of reducing the burden on the NHS.

106. Revenue Impact - None

107. Customers Impacted – With this funding the Council will be able to continue the very successful area based insulation scheme. It will directly help approximately another 1000 customers in those areas with the worst energy efficiency ratings identified in the Private Sector Stock Condition Survey 2008. It will also show the council commitment to the environment as this work contributes to the city's ambitious targets in the climate change framework for York – to reduce carbon dioxide by 40% by 2020 and 80% by 2050. This will be achieved through the work complimenting other schemes for example those aimed at stimulating behavioural changes and the installation of renewable technologies. Currently there is no other source of funding for private sector residents since the suspension of the central government scheme Warmfront and the removal of private sector funding.

Litter Bin Replacements (£50k) - Low

108. The Council currently have approximately 1500 litter and dog waste bins across the city many of which are in need of repair or replacement. Following an audit of all of the bins it is clear that the total number of bins could be reduced by replacing a number which are sited near to each other with one larger bin. This would also assist with Health and Safety concerns relating to manual handling, as the new bins would house a wheelie bin, however the standard bins may still be required in places where there is only one bin or equality issues. There is also a need to maintain flexibility in the service to allow additional bins to be supplied to meet the needs of residents and visitors, this can only be done by reducing the total numbers in our currently stock.

109. There is no clear alternative to the investment in the bins. Leasing replacements have been considered some years ago with little benefit as they have no practical use at end of life. Without the capital the limited revenue costs will continue to be spent with very little improvement in the overall quality.

110. Revenue Impact - There is no revenue saving as existing budget will be required to maintain the existing and new bins.

111. Customers Impacted – The numbers of customers impacted will depend on the location of specific bins, a bin in the city centre foot streets could be used by 5000 customers a day, whereas a bin in a urban or rural setting will be much less.

Proposals to Fund the new 2011/12 – 2015/16 schemes

112. The requests for funding the extension of the existing rolling programme schemes into 2015/16 plus the minor amendments in 11/12, 12/13 and 14/15 totalling £2,314k is recommended. This would require revenue budget growth of £205k in the 2015/16 budget process. Clearly as with all the schemes in the programme funding will need to be reviewed over this period to ensure the programme remains deliverable subject to funding.

113. The acceptance of any bids over and above the currently approved schemes will require revenue growth beyond that already contained within the treasury management budget 11/12 growth proposals.

114. The requests for funding for the remaining bids that have been categorised as high (£3.515m requirement) are recommended by the CAMG. These recommended schemes along with the medium ranked schemes (£1.376m) that are recommended on an invest to save basis plus the extension of rolling programme schemes are (£2.314m) set out in table 5:

Scheme	**Total Value**	**Revenue Cost per annum of Total Value**	**Financial Year**
New High			
Telecare Equipment	£250k pa £1,250k	£22k pa (£250k) £111k pa (£1.25m)	11/12, 12/13, 13/14, 14/15, 15/16
Contingency	£300k	£27k pa	11/12
Riverbank Repairs – Scarborough to Clifton Bridge	£600k	£53k pa	11/12
Riverbank Repairs – Blue Bridge Slipway	£249k	£22k pa	11/12
Riverbank Repairs – Marygate	£573k	£51k pa	12/13
Total River Banks	**£1,422k**	**£126k pa**	
LTP (Minster Piazza)	£250k	£22k pa	12/13
Access York	£293k	£26k pa	12/13

Total New High	**£ 3.515m**	**£312k pa**	
New Medium			
Carbon Reduction in Street Lighting	£200k pa £1.000m	£18k pa (£200k) £89k (£1.000m)	11/12, 12/13, 13/14, 14/15, 15/16
Yearsley Pool Energy Improvement	£376k	£34k	11/12
Total New Medium	**£1.376m**	**£123k pa**	
Recurring High			
City Walls Rolling Repair	£52k pa £104k	£5k pa (£52k) £9k pa (£104k)	11/12 12/13
Disability Support	£180k	£1k pa (£10k) £15k pa (£170k)	14/15 15/16
Community Equipment Loans Service	£105k	£10k pa	15/16
Disabled Facilities Grant	£475k	£42k pa	15/16
Bridge Maintenance	£200k	£18k pa	15/16
Highways Resurfacing and Reconstruction	£1,250k	£111k	15/16
Total Recurring High	**£2.314m**	**£360k**	
Total All	**£7.205m**	**£795k pa**	

Table 5 – Recommended new and rolling schemes

115. The Carbon Reduction in Street Lighting scheme ranked as medium will generate savings of c£64k per annum for every £200k invested from 12/13 onwards. In addition the Yearsley Pool Energy Improvement Scheme will generate savings of £48k per annum against a £376k investment, this allows for the cost of borrowing to be met from the savings generated. It is therefore recommended that in addition to the £3.515k of schemes set out above that the 2 schemes totalling £1.376m are approved on an invest to save basis with the savings generated from 11/12 and 12/13 onwards being earmarked in the first instance to repaying the associated borrowing costs.

116. The total value of all recommended bids and the revenue implications of funding them through borrowing where applicable are shown in table 6:

Scheme Type / Description	Financial Year	Capital Expenditure Value	Revenue Growth Required Assuming Prudential Borrowing
New Schemes (Telecare/ River Bank Schemes/Carbon Reduction/Yearsley Pool)	2011/12	£1.975m	£180k
Rolling Programme (City Walls)	2011/12	£52k	
New Schemes (Telecare/ LTP /Access York/ River Bank Schemes/ Carbon Reduction)	2012/13	£1,566k	£144k
Rolling Programme (City Walls)	2012/13	£52k	
New Schemes (Telecare/ Carbon Reduction)	2013/14	£450k	£40k
New Schemes (Telecare/ Carbon Reduction)	2014/15	£450k	£41k
Rolling Programme (Disability Support)	2014/15	£10k	
New Schemes (Telecare/ Carbon Reduction)	2015/16	£450k	£40k
Rolling Programme (Disab Supp/ CELS/ DFG/ Bridges/ Highways R&R)	2015/16	£2.200m	£195k
	Total	**£7.205m**	

Table 6 – Summary financial implications by year of funding recommended schemes

117. Members may also give consideration to the inclusion of certain schemes on a one off basis or a year by year approach. This could apply to schemes such as

Highways Drainage works where £200k (single year of the 5 year bid). This would cost c£18k per annum for the £200k one off scheme.

118. As highlighted in the report it is reasonable to expect that some additional capital receipt funding may be identified in the 5 year period of the capital plan. Such receipts would reduce the need for prudential borrowing. However the prudent approach is to assume all of these schemes will require revenue funding to support prudential borrowing in order to finance the funding requirement.

119. Based upon current projections, the level of prudential borrowing and thus the associated revenue to support this will need to increase on an annual basis over the next 5 years to ensure the Capital Programme is sustainable. Table 7 sets out the required revenue growth that is needed to ensure the capital programme is affordable and prudent. The table combines the growth from the 09/10 – 13/14 budget plus the 10/11 – 14/15 budget process along with the new growth requirement from this years to show the full revenue impact of proceeding with the programme.

Financial Year	09/10 – 13/14 Budget Process	10/11 – 14/15 Budget Process	11/12 – 15/16 Budget Process	TOTAL 11/12 – 15/16	Revenue Growth Required Assuming Prudential Borrowing	Revenue Funding Awarded / Bid For
2009/10	£3.050m	N/A	N/A	£3.050m	£270k	✓
2010/11	£1.373m	£2.882m	N/A	£4.255m	£378k	✓
2011/12	£9.100m	£0.325m	£2.027m	£11.452m	£1.016m	✓
2012/13	£2.248m	£0.347m	£1.618m	£4.213m	£374k	✗
2013/14	£2.258m	£0.012m	£0.450m	£2.720m	£241k	✗
2014/15	N/A	£2.270m	£0.460m	£2.730m	£242k	✗
2015/16	N/A	N/A	£2.650m	£2.650m	£235k	✗
	£18.029m	**£5.836m**	**£7.205m**	**£31.070m**		

University Pool Cont			£1.000m	£1.000m	£89k	✓
Crematori-um			£1.766m	£1.766m	£157k	✓
	£18.029m	**£5.836m**	**£9.971m**	**£33.836m**		

Table 7 – Revenue implications of funding recommended schemes

120. Clearly the overall position will need to be reviewed on an annual basis and the capital receipts will need to continue to be tightly monitored to update the latest position to ensure the programme remains affordable. The proposal to use prudential borrowing to fund the new schemes is made on the assumption that over the medium term the current level of required receipts is achieved. Clearly if the projected level of receipts is not achieved action will be required to overcome the resulting funding shortfall. This action could take the form of either increasing revenue contributions or increasing the level of prudential borrowing whilst ensuring affordability to meet any capital receipts shortfall or reducing the capital programme schemes funded by capital receipts. The ability to contribute revenue funds to support prudential borrowing over and above the level currently being proposed as part of this report would have a significant impact on revenue budgets and would potentially place pressure on other Council service areas.

121. Any short term shortfall in funding will be met from prudential borrowing. The revenue implications of any in year shortfall due to timing differences will be borne by the treasury management budget.

Additional Externally Funded Schemes

122. In addition to the bids for discretionary funding including as part of this report there are additional schemes being proposed to be added to the capital programme that are funded from external sources totalling £3.629m. The funding types external grants and external contributions. Table 8 sets out the additional funding that has been added to the capital programme for 11/12 – 15/16.

Additional external scheme funding	2011/12 External Growth £000	2012/13 External Growth £000	2013/14 External Growth £000	2014/15 External Growth £000	2015/16 External Growth £000	Total External Growth £000
Highways R&R					2,047	2,047

Disabled Facilities Grant					1,500	1,500
Access York		82				82
TOTAL	**0**	**82**	**0**	**0**	**3,547**	**3,629**

Table 8 – Externally Funded Schemes

IT Development Plan

123. As part of the 2010/11 budget Members agreed in principle to a future IT development programme of £1m (indicative) per annum. At the same time it was recognised that the programme could be self funded using prudential borrowing that is no longer required from funding previous year IT developmenty.

124. A review has been undertaken as to how much capital is needed to ensure the core IT infrastructure of the council is maintained to ensure continued service delivery. This has concluded that a reduced sum totalling £750k is required in the capital programme. This will enable the council to keep its core systems up to date and also allow preparations for the move to the new Council Headquarters in 2012. Examples of schemes required over the coming years include upgrade of Web Content Management System, Office Upgrade project, equipment for new elected Members and desktop refresh.

125. The revenue costs of £750k investment and ongoing additional maintenance costs can be funded from within the current IT development plan with no additional revenue growth required.

126. If there are requirements for IT expenditure within Directorates for service improvements these will need to be the subject of a business case and also be expected to be self financing. Table 9 sets out the projected profile of budgets over the next 5 year capital budget cycle:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
IT Development Plan	750	750	750	750	750	3,750
TOTAL	**750**	**750**	**750**	**750**	**750**	**3,750**

Table 9 – IT Development Plan 2011 - 2016

127. It is recommended that the Director of Customer and Business Support Services agrees the detail of the individual Core Infrastructure schemes in the programme in consultation with the Executive Member for Corporate Services. Any service specific developments would be subject to reporting to Executive, with a full business case setting out the financial and service benefits. It should be noted that no funding is included for such service specific schemes, and as such these would be expected to be based upon business cases where the costs are recovered from efficiency improvements.

Housing Revenue Account (HRA)

128. There is a separate budget report for the HRA which is attached at Annex 6 of the Financial Strategy Paper that is part of this suite of reports. The result of all the adjustments outlined within the report is an in-year surplus of £383k. Together with the projected brought forward working balance of £9,189k this leaves a working balance of £9,572k on the account.

129. The HRA element of the proposed housing capital programme is requesting a revenue contribution totalling £5.691m from HRA balances over a period of 5 years as set out in table 10. Members do as with all the above bids have the option of funding from available resources or reducing the proposed schemes but it is officers recommendation that the programme is financed from HRA contributions.

130. A major reform of HRA Finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government, will lead to very substantial changes in the way in which the HRA is financed. At the time of writing the details of the proposed self financing offer had only just been received and officers are working through the detailed implications on the HRA business plan and future funding streams. Any increases in the housing capital programme should therefore be considered after this review has been completed, when there may be the opportunity for further investment. This revenue contribution will be used to fund the following schemes as set out in table 10:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Repairs to Local Authority Properties/ Modernisation of Local Authority Properties/ New build of Local Authority Homes	1,006	258	(1,368)	529	5,266	**5,691**
Total	**1,006**	**258**	**(1,368)**	**529**	**5,266**	**5,691**

Table 10 – Housing Revenue Account 2011 - 2016

Summary of Analysis

131. The outcome of the proposals outlined above if accepted are illustrated in Table 11 which sets out the proposed capital budget for each directorate over the next 5 years and in detail in Annex A.

	2011/12 £000	**2012/13 £000**	**2013/14 £000**	**2014/15 £000**	**2015/16 £000**	**Total £000**
ACE- Childrens	8,755	5,583	5,583	5,583		25,504
ACE – Social Services	733	495	505	515	525	2,773
CANS – Housing	10,672	8,411	8,680	8,426	6,441	42,630
CANS – Leisure	4,946	510				5,456
CANS – Neighbourhood Services	8,277	3,440	3,406	3,334	3,697	22,154
City Strategy – Planning and Transport	5,551	17,219	8,826	2,713		34,309
City Strategy – Economic Development	58					58
City Strategy – Admin Accomm	11,463	14,906	1,468			27,837
City Strategy – Property	2,978	653				3,631
City Strategy – Community Stadium	4,000					4,000
CBSS – IT Equipment	1,050	750	750	750	750	4,050
Contingency	300					300
Total by Department	**58,783**	**51,967**	**29,218**	**21,321**	**11,413**	**172,702**

Table 11– Proposed Capital Programme 2011 – 2016

Corporate Priorities

132. The CRAM process ensures that all bids received for capital funding address the aspirations of the Corporate Strategy with each proposal addressing at least one corporate priority. The capital schemes put forward for consideration are derived from the service and area asset management plans which look at the capital needs and requirements of the service. All schemes that have progressed through for further consideration in this report have demonstrated through the CRAM process that they directly contribute toward the achievement of the Corporate Strategy.

133. As a result of this budget round the capital investment over the next 5 years up to 2015/16 will £172.702m.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

136. A number of schemes have specific implications for Equalities. These include the Disability Support budget, and Disabled facilities grants, assistance to elderly, housing grants, and housing repairs. The detailed equalities implications of the individual schemes will be further assessed by individual directorates once the capital programme has been approved and the schemes are further developed. Any implications will be identified in the individual schemes project plans.

Legal Implications

137. The Council is legally required to set a balanced 3 year capital programme but to assist with Medium Term Financial Planning sets a 5 year programme.

Crime and Disorder

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

Information Technology

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

Property

140. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from the disposal of Council assets.

Risk Management

141. The risks associated with both the existing and proposed capital programme has been discussed extensively throughout this report.

142. This report highlights the challenge presented by the proposed capital programme, which includes a significant level of Council driven schemes. Despite the proposed schemes being funded from revenue contributions the existing approved capital programme still places significant reliance on a small number of high value capital receipts. 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.

143. To mitigate the risks the capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Management Group (CAMG – capital programme managers along with the Capital Finance team) meets regularly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible 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.

144. The use of prudential borrowing and revenue contributions are required for a balanced programme to be set and the risk associated with this means of funding is the additional pressure placed on the existing revenue budgets. This issue has been covered in detail in the main body of the report.

Recommendations

145. The Executive is requested to recommend that Council:

- Agree to the revised capital programme of £172.702m, that reflects a net overall increase of £16.275m (as set out in Annex A 'growth' column). Key elements of this include:
  1. the bids recommended in paragraph 114 (table 5) totalling £7.205m;
  2. the schemes funded form external resources in paragraph 122 (table 8) totalling £3.629m
  3. the revised prudential borrowing profile for the IT development plan in paragraph 126 (table 9) totalling £3.750m that shows a decrease of £250k per annum in years 11/12 – 14/15 and an extension of the programme by £750k in 15/16 containing specific schemes;
  4. the use of HRA balances to fund HRA capital schemes as set out in paragraph 130 (table 10) totalling £5.691m.

- Note the overall funding position identified in the report, which highlights a current shortfall in resources over the next five years, which the Council will need to address through increased revenue contributions in the medium term;

- Approve the full restated programme as summarised in Annex A totalling £172.702m up to 2015/16.

146. Reason: To set a balanced capital programme as required by the Local Government Act 2003.

Contact Details

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Report Approved	*Tick*	**Date**	*28/01/11*

Keith Best
Assistant Director - CBSS

Report Approved	*Tick*	**Date**	*28/01/11*

Specialist Implications Officer(s)

Wards Affected: **All** *tick*

For further information please contact the author of the report

Background Papers:

Budget Control 2011
Departmental CRAM bids

<u>Annexes</u>
Annex A – Capital Programme 2011/12 to 2015/16

Capital Budget - 2011/12 to 2015/16

	Schemes approved at Monitor 3 2010/11					Schemes approved at Monitor 3 2010/11 + Recommended CRAM bids											
	2011/12 Revised Budget £000	2012/13 Revised Budget £000	2013/14 Revised Budget £000	2014/15 Revised Budget £000	Gross Capital Programme To be Funded £000	2011/12 Revised Budget £000	Growth	2012/13 Revised Budget £000	Growth	2013/14 Revised Budget £000	Growth	2014/15 Revised Budget £000	Growth	2015/16 Revised Budget £000	Growth	Gross Capital Programme To be Funded £000	Receipts Growth
ACE - Children's Services																	
NDS Devolved Capital	**475**	**475**	**475**	**475**	**1,900**	**475**	0	**475**	0	**475**	0	**475**	0		0	**1900**	0
- External Funding	475	475	475	475	1,900	475	0	475	0	475	0	475	0	0	0	1900	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Targeted Capital Fund 14-19 Diploma	**1,200**	**0**	**0**	**0**	**1,200**	**1200**	0	**0**	0	**0**	0	**0**	0		0	**1200**	0
- External Funding	1,200	0	0	0	1,200	1200	0	0	0	0	0	0	0		0	1200	0
Corporate Capital Receipt	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
NDS Modernisation	**2,774**	**2,774**	**2,774**	**2,774**	**11,096**	**2774**	0	**2774**	0	**2774**	0	**2774**	0		0	**11096**	0
- External Funding	2,774	2,774	2,774	2,774	11,096	2774	0	2774	0	2774	0	2774	0		0	11096	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Primary School Strategic Programme	**1,700**	**0**	**0**	**0**	**1,700**	**1700**	0	**0**	0	**0**	0	**0**	0		0	**1700**	0
- External Funding	600	0	0	0	600	600	0	0	0	0	0	0	0		0	600	0
-Internal Funding	1,100	0	0	0	1,100	1100	0	0	0	0	0	0	0		0	1100	0
Aiming high for disabled children short breaks	**72**	**0**	**0**	**0**	**72**	**72**	0	**0**	0	**0**	0	**0**	0		0	**72**	0
- External Funding	72	0	0	0	72	72	0	0	0	0	0	0	0		0	72	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Applefields School - Co Location	**200**	**0**	**0**	**0**	**200**	**200**	0	**0**	0	**0**	0	**0**	0		0	**200**	0
- External Funding	200	0	0	0	200	200	0	0	0	0	0	0	0		0	200	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Basic Need	**2,334**	**2,334**	**2,334**	**2,334**	**9,336**	**2334**	0	**2334**	0	**2334**	0	**2334**	0		0	**9336**	0
- External Funding	2,334	2,334	2,334	2,334	9,336	2334	0	2334	0	2334	0	2334	0		0	9336	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
TOTAL GROSS EXPENDITURE	**8,755**	**5,583**	**5,583**	**5,583**	**25,504**	**8,755**	0	**5,583**	0	**5,583**	0	**5,583**	0	**0**	0	**25,504**	0
TOTAL EXTERNAL FUNDING	**7,655**	**5,583**	**5,583**	**5,583**	**24,404**	**7,655**	0	**5,583**	0	**5,583**	0	**5,583**	0	**0**	0	**24,404**	0
TOTAL INTERNAL FUNDING	**1,100**	**0**	**0**	**0**	**1,100**	**1,100**	0	**0**	0	**0**	0	**0**	0	**0**	0	**1,100**	0
ACE - Social Services																	
Joint Equipment Store	**105**	**105**	**105**	**105**	**420**	**105**	0	**105**	0	**105**	0	**105**	0	**105**	105	**525**	105
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	105	105	105	105	420	105	0	105	0	105	0	105	0	105	105	525	105
Information Management Improvements	**40**	**0**	**0**	**0**	**40**	**40**	0	**0**	0	**0**	0	**0**	0	**0**	0	**40**	
- External Funding	40	0	0	0	40	40	0	0	0	0	0	0	0	0	0	40	
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Disabled Support Grant	**130**	**140**	**150**	**150**	**570**	**130**	0	**140**	0	**150**	0	**160**	10	**170**	170	**750**	180
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	130	140	150	150	570	130	0	140	0	150	0	160	10	170	170	750	180
Telecare Equipment	**0**	**0**	**0**	**0**	**0**	**250**	250	**250**	250	**250**	250	**250**	250	**250**	250	**1250**	1250
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	250	250	250	250	250	250	250	250	250	250	1250	1250
Adults Social Care IT grant	**18**	**0**	**0**	**0**	**18**	**18**	0	**0**	0	**0**	0	**0**	0	**0**	0	**18**	0
- External Funding	18	0	0	0	18	18	0	0	0	0	0	0	0	0	0	18	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Day Service Modernisation	**96**	**0**	**0**	**0**	**96**	**96**	0	**0**	0	**0**	0	**0**	0	**0**	0	**96**	0
- External Funding	96	0	0	0	96	96	0	0	0	0	0	0	0	0	0	96	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Safety Works at Social Services Establishments	**94**	**0**	**0**	**0**	**94**	**94**	0	**0**	0	**0**	0	**0**	0	**0**	0	**94**	0
- External Funding	94	0	0	0	94	94	0	0	0	0	0	0	0	0	0	94	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	**483**	**245**	**255**	**255**	**1,238**	**733**	250	**495**	250	**505**	250	**515**	260	**525**	525	**2,773**	1,535
TOTAL EXTERNAL FUNDING	**248**	**0**	**0**	**0**	**248**	**248**	0	**0**	0	**0**	0	**0**	0	**0**	0	**248**	0
TOTAL INTERNAL FUNDING	**235**	**245**	**255**	**255**	**990**	**485**	250	**495**	250	**505**	250	**515**	260	**525**	525	**2,525**	1,535
TOTAL GROSS EXPENDITURE	**9,238**	**5,828**	**5,838**	**5,838**	**26,742**	**9,488**	250	**6,078**	250	**6,088**	250	**6,098**	260	**525**	525	**28,277**	1,535
TOTAL EXTERNAL FUNDING	**7,903**	**5,583**	**5,583**	**5,583**	**24,652**	**7,903**	0	**5,583**	0	**5,583**	0	**5,583**	0	**0**	0	**24,652**	0
TOTAL INTERNAL FUNDING	**1,335**	**245**	**255**	**255**	**2,090**	**1,585**	250	**495**	250	**505**	250	**515**	260	**525**	525	**3,625**	1,535
CANS - Leisure and Culture																	
York Pools Strategy -	**3,250**	**0**	**0**	**0**	**3,250**	**3,250**	0	**0**	0	**0**	0	**0**	0		0	3250	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	3,250	0	0	0	3,250	3,250	0	0	0	0	0	0	0		0	3250	0
Milfield Lane Comm Sports Centre	**210**	**0**	**0**	**0**	**210**	**210**	0	**0**	0	**0**	0	**0**	0		0	210	0
- External Funding	10	0	0	0	10	10	0	0	0	0	0	0	0		0	10	0
-Internal Funding	200	0	0	0	200	200	0	0	0	0	0	0	0		0	200	0
Library Self-Issue Equipment	**66**	**0**	**0**	**0**	**66**	**66**	0	**0**	0	**0**	0	**0**	0		0	**66**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	66	0	0	0	66	66	0	0	0	0	0	0	0		0	66	0
Explore History @ York	**490**	**510**	**0**	**0**	**1,000**	**490**	0	**510**	0	**0**	0	**0**	0		0	**1000**	0

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Capital Budget - 2011/12 to 2015/16

Capital Budget - 2011/12 to 2015/16	Schemes approved at Monitor 3 2010/11					Schemes approved at Monitor 3 2010/11 + Recommended CRAM bids											
	2011/12 Revised Budget £000	2012/13 Revised Budget £000	2013/14 Revised Budget £000	2014/15 Revised Budget £000	Gross Capital Programme To be Funded £000	2011/12 Revised Budget £000	Growth	2012/13 Revised Budget £000	Growth	2013/14 Revised Budget £000	Growth	2014/15 Revised Budget £000	Growth	2015/16 Revised Budget £000	Growth	Gross Capital Programme To be Funded £000	Receipts Growth
- External Funding	245	255	0	0	500	245	0	255	0	0	0	0	0		0	500	0
-Internal Funding	245	255	0	0	500	245	0	255	0	0	0	0	0		0	500	0
Barbican Auditorium	**554**	**0**	**0**	**0**	**554**	**554**	0	**0**	0	**0**	0	**0**	0		0	**554**	0
- External Funding	48	0	0	0	48	48	0	0	0	0	0	0	0		0	48	0
-Internal Funding	506	0	0	0	506	506	0	0	0	0	0	0	0		0	506	0
Yearsley Swimming Pool - Energy Improvement	**0**	**0**	**0**	**0**	**0**	**376**	376	**0**	0	**0**	0	**0**	0	**0**	0	**376**	376
-Internal Funding	0	0	0	0	0	376	376	0	0	0	0	0	0	0	0	376	376
TOTAL GROSS EXPENDITURE	**4,570**	**510**	**0**	**0**	**5,080**	**4,946**	376	**510**	0	**0**	0	**0**	0	**0**	0	**5,456**	376
TOTAL EXTERNAL FUNDING	**303**	**255**	**0**	**0**	**558**	**303**	0	**255**	0	**0**	0	**0**	0	**0**	0	**558**	0
TOTAL INTERNAL FUNDING	**4,267**	**255**	**0**	**0**	**4,522**	**4,643**	376	**255**	0	**0**	0	**0**	0	**0**	0	**4,898**	376
CANS - Neighbourhood Services																	
EcoDepot Security Gate / Reception	**206**	**0**	**0**	**0**	**206**	**206**	0	**0**	0	**0**	0	**0**	0	**0**	0	**206**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	206	0	0	0	206	206	0	0	0	0	0	0	0	0	0	206	0
West of York Recycling Site	**2,500**	**0**	**0**	**0**	**2,500**	**2,500**	0	**0**	0	**0**	0	**0**	0	**0**	0	**2,500**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	2,500	0	0	0	2,500	2,500	0	0	0	0	0	0	0	0	0	2,500	0
Highway Resurfacing & Reconstruction (Struct Main	**3,415**	**3,040**	**3,006**	**2,934**	**12,395**	**3,415**	0	**3,040**	0	**3,006**	0	**2,934**	0	**3,297**	3,297	**15,692**	3,297
- External Funding	1,865	1,790	1,756	1,684	7,095	1,865	0	1,790	0	1,756	0	1,684	0	2,047	2,047	9,142	2,047
-Internal Funding	1,550	1,250	1,250	1,250	5,300	1,550	0	1,250	0	1,250	0	1,250	0	1,250	1,250	6,550	1,250
Special Bridge Maintenance (Struct maint)	**200**	**200**	**200**	**200**	**800**	**200**	0	**200**	0	**200**	0	**200**	0	**200**	200	**1,000**	200
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	200	200	200	200	800	200	0	200	0	200	0	200	0	200	200	1,000	200
Highways Improvements	**40**	**0**	**0**	**0**	**40**	**40**	0	**0**	0	**0**	0	**0**	0		0	**40**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	40	0	0	0	40	40	0	0	0	0	0	0	0		0	40	0
Crematorium	**1,716**	**0**	**0**	**0**	**1,716**	**1,716**	0	**0**	0	**0**	0	**0**	0		0	**1,716**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	1,716	0	0	0	1,716	1,716	0	0	0	0	0	0	0		0	1,716	0
Carbon Reduction in Street Lighting	**0**	**0**	**0**	**0**	**0**	**200**	200	**200**	200	**200**	200	**200**	200	**200**	200	**1,000**	1,000
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	200	200	200	200	200	200	200	200	200	200	1,000	1,000
TOTAL GROSS EXPENDITURE	**8,077**	**3,240**	**3,206**	**3,134**	**17,657**	**8,277**	200	**3,440**	200	**3,406**	200	**3,334**	200	**3,697**	3,697	**22,154**	4,497
TOTAL EXTERNAL FUNDING	**1,865**	**1,790**	**1,756**	**1,684**	**7,095**	**1,865**	0	**1,790**	0	**1,756**	0	**1,684**	0	**2,047**	2,047	**9,142**	2,047
TOTAL INTERNAL FUNDING	**6,212**	**1,450**	**1,450**	**1,450**	**10,562**	**6,412**	200	**1,650**	200	**1,650**	200	**1,650**	200	**1,650**	1,650	**13,012**	2,450
CANS - Housing																	
Modernisation of Local Authority Homes	**1,378**	**1,458**	**1,499**	**83**	**4,418**	**920**	-458	**1,305**	-153	**652**	-847	**671**	588	**507**	507	4055	-363
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	1,378	1,458	1,499	83	4,418	920	-458	1,305	-153	652	-847	671	588	507	507	4055	-363
Repairs to Local Authority Properties	**1,090**	**1,117**	**1,244**	**898**	**4,349**	**0**	-1,090	**0**	-1,117	**0**	-1,244	**0**	-898	**0**	0	0	-4,349
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	1,090	1,117	1,244	898	4,349	0	-1,090	0	-1,117	0	-1,244	0	-898	0	0	0	-4,349
Assistance to Older & Disabled People	**300**	**300**	**300**	**0**	**900**	**300**	0	**300**	0	**300**	0	**300**	300	**300**	300	**1500**	600
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	300	300	300	0	900	300	0	300	0	300	0	300	300	300	300	1500	600
MRA Schemes	**4,807**	**4,253**	**5,930**	**5,791**	**20,781**	**5,778**	971	**4,368**	115	**5,200**	-730	**4,997**	-794	**4,459**	4,459	24802	4,021
- External Funding	4,807	4,253	5,930	5,791	20,781	5,778	971	4,368	115	5,200	-730	4,997	-794	4,459	4,459	24802	4,021
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Housing Grants & Associated Investment (Gfund)	**0**	**0**	**0**	**0**	**0**	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disabled Facilities Grant (Gfund)	**850**	**850**	**850**	**850**	**3,400**	**975**	125	**1,025**	175	**1,075**	225	**1,125**	275	**1,175**	1,175	**5375**	1,975
- External Funding	375	375	375	375	1,500	500	125	550	175	600	225	650	275	700	700	3000	1,500
-Internal Funding	475	475	475	475	1,900	475	0	475	0	475	0	475	0	475	475	2375	475
Travellers Sites Electrical works (Gfund)	**116**	**0**	**0**	**0**	**116**	**116**	0	**0**	0	**0**	0	**0**	0		0	**116**	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	116	0	0	0	116	116	0	0	0	0	0	0	0		0	116	0
Local Authority Homes - new build	**1,000**	**0**	**0**	**0**	**1,000**	**2,250**	1,250	**0**	0	**0**	0	**0**	0	**0**	0	**2,250**	1,250
- External Funding	500	0	0	0	500	1,125	625	0	0	0	0	0	0	0	0	1,125	625
-Internal Funding	500	0	0	0	500	1,125	625	0	0	0	0	0	0	0	0	1,125	625
Water Mains Upgrade	**0**	**0**	**0**	**0**	**0**	**333**	333	**1,413**	1,413	**1,453**	1,453	**1,333**	1,333		0	**4532**	4,532
- External Funding	0	0	0	0	0	333	333	1,413	1,413	1,453	1,453	1,333	1,333		0	4532	4,532
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
TOTAL GROSS EXPENDITURE	**9,541**	**7,978**	**9,823**	**7,622**	**34,964**	**10,672**	1,131	**8,411**	433	**8,680**	-1,143	**8,426**	804	**6,441**	6,441	**42,630**	7,666
TOTAL EXTERNAL FUNDING	**5,682**	**4,628**	**6,305**	**6,166**	**22,781**	**7,736**	2,054	**6,331**	1,703	**7,253**	948	**6,980**	814	**5,159**	5,159	**33,459**	10,678

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Capital Budget - 2011/12 to 2015/16	Schemes approved at Monitor 3 2010/11					Schemes approved at Monitor 3 2010/11 + Recommended CRAM bids											
	2011/12 Revised Budget £000	2012/13 Revised Budget £000	2013/14 Revised Budget £000	2014/15 Revised Budget £000	Gross Capital Programme To be Funded £000	2011/12 Revised Budget £000	Growth	2012/13 Revised Budget £000	Growth	2013/14 Revised Budget £000	Growth	2014/15 Revised Budget £000	Growth	2015/16 Revised Budget £000	Growth	Gross Capital Programme To be Funded £000	Receipts Growth
TOTAL INTERNAL FUNDING	3,859	3,350	3,518	1,456	12,183	2,936	-923	2,080	-1,270	1,427	-2,091	1,446	-10	1,282	1,282	9,171	-3,012
TOTAL GROSS EXPENDITURE	22,188	11,728	13,029	10,756	57,701	23,895	1,707	12,361	633	12,086	-943	11,760	1,004	10,138	10,138	70,240	12,539
TOTAL EXTERNAL FUNDING	7,850	6,673	8,061	7,850	30,434	9,904	2,054	8,376	1,703	9,009	948	8,664	814	7,206	7,206	43,159	12,725
TOTAL INTERNAL FUNDING	14,338	5,055	4,968	2,906	24,551	11,275	-347	3,985	-1,070	3,077	-1,891	3,096	190	1,482	1,482	22,915	-1,636
City Strategy (Planning & Transport)															0		
Local Transport Plan (LTP)	1,909	1,952	1,952	2,623	8,436	1,909	0	1,952	0	1,952	0	2,623	0	0	0	8,436	0
- External Funding	1,849	1,952	1,952	2,623	8,376	1,849	0	1,952	0	1,952	0	2,623	0	0	0	8,376	0
-Internal Funding	60	0	0	0	60	60	0	0	0	0	0	0	0	0	0	60	0
York City Walls - Repairs & Renewals (City Walls)	90	90	90	90	360	142	52	142	52	90	0	90	0	0	0	464	104
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	90	90	90	90	360	142	52	142	52	90	0	90	0	0	0	464	104
Access York	3,500	14,500	6,784	0	24,784	3,500	0	14,875	375	6,784	0	0	0	0	0	25,159	375
- External Funding	2,700	13,250	6,777	0	22,727	2,700	0	13,332	82	6,777	0	0	0	0	0	22,809	82
-Internal Funding	800	1,250	7	0	2,057	800	0	1,543	293	7	0	0	0	0	0	2,350	293
Minster Piazza	0	0	0	0	0	0	0	250	250	0	0	0	0	0	0	250	250
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	250	250	0	0	0	0	0	0	250	250
TOTAL GROSS EXPENDITURE	5,499	16,542	8,826	2,713	33,580	5,551	52	17,219	677	8,826	0	2,713	0	0	0	34,309	729
TOTAL EXTERNAL FUNDING	4,549	15,202	8,729	2,623	31,103	4,549	0	15,284	82	8,729	0	2,623	0	0	0	31,185	82
TOTAL INTERNAL FUNDING	950	1,340	97	90	2,477	1,002	52	1,935	595	97	0	90	0	0	0	3,124	647
City Strategy (Economic Development)																	
Small Business Workshops	58	0	0	0	58	58	0	0	0	0	0	0	0		0	58	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	58	0	0	0	58	58	0	0	0	0	0	0	0		0	58	0
TOTAL GROSS EXPENDITURE	58	0	0	0	58	58	0	0	0	0	0	0	0	0	0	58	0
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	58	0	0	0	58	58	0	0	0	0	0	0	0	0	0	58	0
City Strategy (Admin Accom)																	
Admin Accomm	11,463	14,906	1,468	0	27,837	11,463	0	14,906	0	1,468	0	0	0		0	27,837	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	11,463	14,906	1,468	0	27,837	11,463	0	14,906	0	1,468	0	0	0		0	27,837	0
TOTAL GROSS EXPENDITURE	11,463	14,906	1,468	0	27,837	11,463	0	14,906	0	1,468	0	0	0	0	0	27,837	0
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	11,463	14,906	1,468	0	27,837	11,463	0	14,906	0	1,468	0	0	0	0	0	27,837	0
City Strategy (Community stadium)																	
Community Stadium	4,000	0	0	0	4,000	4,000	0	0	0	0	0	0	0		0	4,000	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	4,000	0	0	0	4,000	4,000	0	0	0	0	0	0	0		0	4,000	0
TOTAL GROSS EXPENDITURE	4,000	0	0	0	4,000	4,000	0	0	0	0	0	0	0	0	0	4,000	0
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	4,000	0	0	0	4,000	4,000	0	0	0	0	0	0	0	0	0	4,000	0
City Strategy - Property																	
Acomb Office	1,394	0	0	0	1394	1394	0	0	0	0	0	0	0		0	1394	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	1,394	0	0	0	1394	1394	0	0	0	0	0	0	0		0	1394	0
Property Compliance (Asbestos and Fire regs)	80	80	0	0	160	80	0	80	0	0	0	0	0		0	160	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	80	80	0	0	160	80	0	80	0	0	0	0	0		0	160	0
Riverbank Repairs	655	0	0	0	655	655	0	0	0	0	0	0	0	0	0	655	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	655	0	0	0	655	655	0	0	0	0	0	0	0	0	0	655	0
Riverbank Repairs - Scarborough to Clifton Bridge	0	0	0	0	0	600	600	0	0	0	0	0	0		0	600	600
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	0	0	0	0	0	600	600	0	0	0	0	0	0		0	600	600
Riverbank Repairs – Blue Bridge Slipway	0	0	0	0	0	249	249	0	0	0	0	0	0	0	0	249	249
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	249	249	0	0	0	0	0	0	0	0	249	249
Riverbank Repairs – Marygate	0	0	0	0	0	0	0	573	573	0	0	0	0		0	573	573
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0

Capital Budget - 2011/12 to 2015/16

Capital Budget - 2011/12 to 2015/16	Schemes approved at Monitor 3 2010/11: 2011/12 Revised Budget £000	2012/13 Revised Budget £000	2013/14 Revised Budget £000	2014/15 Revised Budget £000	Gross Capital Programme To be Funded £000	Schemes approved at Monitor 3 2010/11 + Recommended CRAM bids: 2011/12 Revised Budget £000	Growth	2012/13 Revised Budget £000	Growth	2013/14 Revised Budget £000	Growth	2014/15 Revised Budget £000	Growth	2015/16 Revised Budget £000	Growth	Gross Capital Programme To be Funded £000	Receipts Growth
-Internal Funding	0	0	0	0	0	0	0	573	573	0	0	0	0		0	573	573
TOTAL GROSS EXPENDITURE	**2,129**	**80**	**0**	**0**	**2,209**	**2,978**	849	**653**	573	**0**	0	**0**	0	**0**	0	**3,631**	1,422
TOTAL EXTERNAL FUNDING	**0**	**0**	**0**	**0**	**0**	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0
TOTAL INTERNAL FUNDING	**2,129**	**80**	**0**	**0**	**2,209**	**2,978**	849	**653**	573	**0**	0	**0**	0	**0**	0	**3,631**	1,422
TOTAL GROSS EXPENDITURE	**23,149**	**31,528**	**10,294**	**2,713**	**67,684**	**24,050**	901	**32,778**	1,250	**10,294**	0	**2,713**	0	**0**	0	**69,835**	2,151
TOTAL EXTERNAL FUNDING	**4,549**	**15,202**	**8,729**	**2,623**	**31,103**	**4,549**	0	**15,284**	82	**8,729**	0	**2,623**	0	**0**	0	**31,185**	82
TOTAL INTERNAL FUNDING	**18,600**	**16,326**	**1,565**	**90**	**36,581**	**19,501**	901	**17,494**	1,168	**1,565**	0	**90**	0	**0**	0	**38,650**	2,069
CBSS - IT equipment																	
IT Equipment	**1300**	**1000**	**1000**	**1000**	**4,300**	**1050**	-250	**750**	-250	**750**	-250	**750**	-250	**750**	750	**4050**	-250
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	1300	1000	1000	1000	4,300	1050	-250	750	-250	750	-250	750	-250	750	750	4050	-250
TOTAL GROSS EXPENDITURE	**1,300**	**1,000**	**1,000**	**1,000**	**4,300**	**1,050**	-250	**750**	-250	**750**	-250	**750**	-250	**750**	750	**4,050**	-250
TOTAL EXTERNAL FUNDING	**0**	**0**	**0**	**0**	**0**	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0
TOTAL INTERNAL FUNDING	**1,300**	**1,000**	**1,000**	**1,000**	**4,300**	**1,050**	-250	**750**	-250	**750**	-250	**750**	-250	**750**	750	**4,050**	-250
Miscellaneous																	
Contingency	**0**	**0**	**0**	**0**	**0**	**300**	300	**0**	0	**0**	0	**0**	0		0	**300**	300
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
-Internal Funding	0	0	0	0	0	300	300	0	0	0	0	0	0		0	300	300
TOTAL GROSS EXPENDITURE	**0**	**0**	**0**	**0**	**0**	**300**	300	**0**	0	**0**	0	**0**	0	**0**	0	**300**	300
TOTAL EXTERNAL FUNDING	**0**	**0**	**0**	**0**	**0**	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0
TOTAL INTERNAL FUNDING	**0**	**0**	**0**	**0**	**0**	**300**	300	**0**	0	**0**	0	**0**	0	**0**	0	**300**	300
Gross Expenditure by Department																	
ACE - Children's Services	8,755	5,583	5,583	5,583	25,504	8,755	0	5,583	0	5,583	0	5,583	0	0	0	25,504	0
ACE - Social Services	483	245	255	255	1,238	733	250	495	250	505	250	515	260	525	525	2,773	1,535
CANS - Leisure and Culture	4,570	510	0	0	5,080	4,946	376	510	0	0	0	0	0	0	0	5,456	376
CANS - Neighbourhood Services	8,077	3,240	3,206	3,134	17,657	8,277	200	3,440	200	3,406	200	3,334	200	3,697	3,697	22,154	4,497
CANS - Housing	9,541	7,978	9,823	7,622	34,964	10,672	1,131	8,411	433	8,680	-1,143	8,426	804	6,441	6,441	42,630	7,666
City Strategy (Planning & Transport)	5,499	16,542	8,826	2,713	33,580	5,551	52	17,219	677	8,826	0	2,713	0	0	0	34,309	729
City Strategy (Economic Development)	58	0	0	0	58	58	0	0	0	0	0	0	0	0	0	58	0
City Strategy (Admin Accom)	11,463	14,906	1,468	0	27,837	11,463	0	14,906	0	1,468	0	0	0	0	0	27,837	0
City Strategy (Community stadium)	4,000	0	0	0	4,000	4,000	0	0	0	0	0	0	0	0	0	4,000	0
City Strategy - Property	2,129	80	0	0	2,209	2,978	849	653	573	0	0	0	0	0	0	3,631	1,422
CBSS - IT equipment	1,300	1,000	1,000	1,000	4,300	1,050	-250	750	-250	750	-250	750	-250	750	750	4,050	-250
Miscellaneous	0	0	0	0	0	300	300	0	0	0	0	0	0	0	0	300	300
Total by Department	**55,875**	**50,084**	**30,161**	**20,307**	**156,427**	**58,783**	2,908	**51,967**	1,883	**29,218**	-943	**21,321**	1,014	**11,413**	11,413	**172,702**	16,275

CITY OF YORK COUNCIL

Executive 15 February 2011

Report of the Director of Customer and Business Support Services

Financial Strategy 2011-2017

Summary

1 This paper presents the Financial Strategy 2011-2017 including the detailed Revenue Budget proposals for 2011/12. There are separate reports on the agenda covering the capital budget and the treasury management strategy. The proposals in this paper present a balanced budget for the council for 2011/12 with a council tax freeze and the following key features:

a. Transfer of grant income totalling £14,404k from service specific and area based grants into formula grant calculations

b. Removal of direct service grant funding amounting to £5,729k, which is supported by savings proposals

c. Revenue investment of £9,836k, giving total increased revenue costs of £29,969k.

d. The funding for the revenue investment will be achieved through:

   i Revenue savings. The council has undertaken a very rigorous and challenging exercise to propose revenue savings of £12,990k

   ii Efficiency savings from the full year effect of the 2010/11 More for York programme of £2,451k

   iii Revenue savings to match the loss of direct service government grant funding amounting to £5,729k

   iv An additional £653k from an increased base over which the council tax is levied

   v Meeting a net £382k of one-off expenditure from the collection fund surplus available

   vi Utilising the remaining £618k of collection fund surplus which will be replaced with increased full year effect of savings in 2012/13

   vii Additional formula grant funding of £5,198k

   viii New grant of £120k (lead flood local authority grant) to support the council's enhanced role as it takes on responsibility for leading the co-ordination of flood risk management in the area under the Flood and Water Management Act 2010

   ix £1,828k supplementary grant from the government from setting a council tax increase of 0% (£0.00);

e. A net revenue budget of £123,900k, which will be funded by:
   - i Council tax income of £73,132k
   - ii Government grant of £49,768k
   - iii Collection fund surplus adjustment of £1,000k;

f. Funding for pupil led aspects of education, primarily schools, of £107,076k to be met by the Dedicated Schools Grant;

g. A comprehensive consultation exercise has been undertaken as part of the budget process. The recommendations in this report are based on a set of proposed growth and savings items which when amalgamated with the grant settlement, the council tax freeze grant and a zero council tax increase produce a balanced budget. In considering whether or not to accept any of these additional proposals Members need to take due cognizance of the need to ensure that any amendments to the budget are balanced, that is
   - savings and growth must either equal each other, or
   - the net value of savings and growth changes must be corrected via appropriate transfers to or from reserves, or
   - the net value of savings and growth changes must result in equivalent adjustments to the council tax levied by the council, or
   - the net value of savings and growth changes must be reflected in adjustments to the fees and charges levied.

2 The directorate savings identified are likely to result in approximately 170 fte posts being lost. Every effort will be made to redeploy the staff affected. However, these proposals will enable the council to maintain and continue to improve its existing quality services (such as education and social care) whilst investing in core priorities and areas of need.

3 It is useful to put this in the context that in 2010/11 York had the second lowest Band D equivalent council tax of all 55 unitary councils, it had the lowest spend per head and received the 9th lowest government grant per head.

4 In addition to known commitments there are increasing volume and price/cost demands on services, particularly in adult social services and in waste:

- landfill tax increase of £8 per tonne per annum will add around £440k to costs
- A further £1,255k has been incorporated to fund increased demand for adult services, including complex cases, and for home care contracts.

5 The total non-schools directorate growth allowed for in the proposed budget is £9,836k. A full list of these pressures is shown at Annex 3.

6 To help fund the rising budget pressures, the withdrawal of central government funding and keep council tax down the non-schools budget proposals include efficiency savings and income generation proposals of £21,170k. A full list is shown at Annex 4.

7 Members should note that there are a number of potential expenditure pressures which may materialise in 2011/12 but which cannot at this stage be quantified with any certainty. Whilst there was only one on-going allocation made during 2010/11 from the general contingency of £585k the unallocated balance has been crucial in providing funding for issues that have arisen in year. The proposed base budget contingency provision of £400k is recommended for 2011/12 based on financial issues that face the council next year.

8 The medium term plan sets out the forecast expenditure plans for the council for the following five years compared with projected levels of grants and council tax. It identifies the need for efficiencies/savings of around £10m per annum. It is clear that the council faces a number of significant pressures in coming years resulting in the need to deliver efficiency savings whilst ensuring service quality is maintained and improved. A number of key assumptions are made within the financial plans, and these are set out later in this report.

9 The budget as set out continues significant investment in a range of council priorities and provides for affordable investment in a range of pressures and priorities facing the council. Medium term planning has been enhanced through the revised strategies, which seek to ensure prudent and affordable financial planning over the longer term. The impact of the budget proposals is considered within the report, with specific reference to council priorities, the economic downturn and consultation.

10 The strategy takes particular account of the economic downturn, this is important in terms of risk and also in terms of the council making a positive contribution to dealing with the economic situation. In terms of risk various factors are considered, including particularly levels of income, e.g. car parking and treasury management. Additional information is included in the section on budget impact assessment.

Budget Principles

11 Directorates have identified options for savings for consideration by the Executive portfolio holder based on four key principles. Each of these principles will bring benefits for the citizens of York, and each will guide us as we tackle the realities of significant budgetary changes in the months and years to come.

<u>Create</u>

a opportunities for our citizens and communities, our businesses and educational establishments to prosper and thrive

<u>Protect</u>

a the most vulnerable members of our community - older people, people with disabilities and, children - by ensuring that the services with which we provide them are the very best possible

b all citizens by ensuring that vital council services that secure their well-being continue to be delivered and that all customer groups receive equal outcomes
c the financial interests of our residents by not raising the amount of Council Tax they pay in 2011/12
d staff by ensuring wherever possible that we provide security of employment.

Partner

a increase public participation in decision-making and service delivery
b bring together service provision from a range of agencies at a local level so that individuals, community groups and voluntary bodies can shape and prioritise and even take control of delivering services that are needed at a local level.
c with the voluntary and community sector; health services, and city partners in the police, fire service, education and business to join up services and make the most of all the resources within the city
d cost and quality of services are important to CYC - where we cannot match both the cost and quality of service offered by other providers we will consider using the community and voluntary sector, staff co-operatives or the private sector to deliver services.

Efficiency

a we will continue to monitor spend and drive costs down
b we will rationalise and reshape services to make them as efficient as possible
c get better value from our non salary spend through effective procurement

Department Overviews

12 The following sets out an overview of each department and how each will meet the principles set out in paragraph 11.

12.1 Overview

Adults, Children and Education Services will:

- continue to provide high quality services and safeguarding for vulnerable children, maintaining a budget of £13.4 million
- continue to invest £175m per year to provide the highest quality services which prioritise safeguarding and maximise the achievement of all young people.
- maintain our commitment to providing an excellent schools service for the city which supports outstanding academic achievements.
- work with partners to ensure the ongoing delivery of youth services for all young people with particular focus on those in greatest need
- continue to support adults with their social care needs and enable them to manage their own care & support and maintain their independence as much as possible, with continued funding of £67.1m pa

- invest £7.9m over 5 years in providing additional facilities to promote independent living for vulnerable adults
- continue to spend £22.9m on services for disabled people
- invest an additional £3.5m in the care needs of disabled adults and older people in ways which promote independence and personalisation
- invest £6.65m over the next five years in additional facilities and grants for disabled people.
- invest £1.25m over five years in technology in the homes of vulnerable adults to maintain their independence

City Strategy will continue to:

- spend over £8m revenue and £2m capital on local transport initiatives including concessionary fares, subsidised bus services and improving local highway, cycling and pedestrian facilities
- provide a high quality planning service including a refreshed development management service, building control and land charges service
- seek to reduce the carbon footprint of the council and wider city.
- invest c£2m in economic development initiatives including maintaining the city centre as a key economic driver as well as supporting employers and small business across the city.
- produce and maintain strategic plans for the city on economic development, spatial planning and transport.
- manage the council's property asset base.

Communities and Neighbourhood Services will:

- spend £12m on services which improve wellbeing for residents and attract visitors to the city for the arts, festivals and music, sports, leisure, play, libraries and adult learning. Also provide quality public spaces in our parks and communities
- work with partners and communities to provide modern high quality frontline services in neighbourhoods in the city
- spend £24m on the cleanliness of our Environment, the condition of the cities roads, collecting and recycling our waste and providing parking facilities in the city
- spend £34m pa on the provision of housing services in the city for those in need. We will invest a further £28.9m on council houses over the next five years, including upgrades to kitchens, boilers and aerials.
- work with partners to ensure there are low levels of crime and antisocial behaviour, and that business premises are properly regulated. Provide quality registration and bereavement services

Customer and Business Support will:

- continue to manage the finances, the workforce, the technology, the procurement of goods and services and the legal and democratic service to provide essential support services for all front line services as well as providing excellent, accessible customer services.

Office of the Chief Executive will:

- continue to manage the procurement of goods and services, the council's strategy partnerships and communications, manage the councils' business change programme and deliver corporate support for performance management and business intelligence, provide essential support services for all front line services.

12.2 Create

Adults, Children and Education Services will:

- create modern, state-of-the-art residential facilities for older people

City Strategy will:

- recognise the investment and jobs that developers bring to our city. We will continue to support them by making improvements to the way in which our planning services work. A new chargeable pre-application service will be introduced to advise on how national, regional and local planning processes could apply to any proposal. In addition the council will provide a point of contact to support an application through all its stages.
- continue to find ways to support the promotion of the city as a tourist attraction and will increase the number of markets and events held in 2011.

Communities and Neighbourhood Services will:

- secure opening of the Barbican as a high profile international venue
- support the bid to become a UNESCO City of Creative and Digital media
- develop a foyer scheme facility for young people, which will reduce homelessness, and reduce the long term cost of these services

Customer and Business Support will:

- create an internal service to provide temporary staff which will reduce the cost of hiring external short term staff and create job opportunities in the city.

Office of the Chief Executive will:

- create jobs in the city by supporting the creation of an internal service to provide temporary staff which will reduce the cost of hiring external short term staff

12.3 Protect

Adults, Children and Education Services will:

- integrate early intervention services for children (including Education Welfare) to provide more joined-up & targeted support to those who need it. This integrated approach to getting early support to children & families is more cost effective to provide in itself but also means fewer children will need (more costly) social care support at a later date.

- rationalise how Children's Centres are run to improve efficiency and make best use of the money and resources available, ensuring that these resources are prioritised towards the most vulnerable children & young people.
- increase the number of local foster carers to maximise the local placement of children in care and also reduce the costly spend on Independent Fostering Agencies and other out of area placements.
- continue to provide support for young people throughout the city, for example through the Castlegate facility in the city centre.
- reshape music services to provide opportunity for all pupils in schools in the city
- by taking an "early intervention" approach to social care, we will provide an expanded reablement service to enable customers leaving hospital etc. to regain their independence, reducing or removing their need for ongoing care. This both promotes independence and freedom for customers and reduces long-term care costs to CYC.
- create greater choice for older people to enable them to remain in their own homes through the use of assistive technology with £1.25m to be spent on Telecare over five years

City Strategy will:

- continue to drive down carbon emissions and support sustainability in the city by improving energy management across the council's buildings and facilities.
- the Park & Ride service has been key in reducing congestion and in safely transporting residents and visitors to the city centre. A 50p charge for concessionary pass holders will be introduced to reduce the burden on lost concessionary fare funding. The council will continue to provide significant out of town free parking and to safely transport approximately 1.5million people into the city centre and back.

Communities and Neighbourhood Services will:

- work with community, and voluntary groups across the city to ensure the funding provided is used effectively
- continue to provide grant funding to the Museums Trust and Theatre Royal working towards a reduced rate to ensure the continuation of the facilities in the city.
- increase occupancy of allotments bringing more land into cultivation
- spend £16m per year to keep our streets clean and safe, to remove rubbish and litter, to maintain our excellent record on recycling and Improve recycling facilities in the city
- invest £1m over the next 5 years In new technology solutions to reduce our energy usage
- invest a further £23.6m over the next 5 years in the council's roads, bridges and drains in addition to an annual repair budget of £4.1m
- work with partners and communities to increase the recycling rate in the city by at least 1%

- use £2.5m funding secured by building affordable new home on council owned land to provide essential housing services.

Customer and Business Support will:

- streamline all support services to ensure that they deliver the best possible support to frontline services
- increase the range of services that can be accessed online.

Office of the Chief Executive will:

- protect core services by streamlining all support services to ensure that they deliver the best possible support to frontline services.

12.4 <u>Partner</u>

Adults, Children and Education Services will:

- work with voluntary and community groups to expand their involvement in providing universal services for young people.
- partner with other authorities to provide School Improvement services or rationalise and market York's excellent-rated service to other authorities.
- work with all city partners and voluntary sector and community partners to join up services at a local level
- work with health professionals to reshape health and social care services for older people
- work with partners to maximise availability, quality and cost-efficiency of social care services.
- work with all city partners and voluntary sector and community partners to join up services at a local level

City Strategy will:

- continue to provide grants to organisations who work with us to support economic development and tourism in the city. Given the reduction in the council's funding from government, there will be proportionate reductions in the level of grants provided to others.
- work with other councils to find ways of delivering services jointly to reduce cost and maintain quality services to residents. In particular we plan to work with neighbouring council's to exploit York's traffic management expertise.
- work with schools and parents to ensure the ongoing provision of cycle training for children and young people as part of our commitment to healthy lifestyles and sustainability.

Communities and Neighbourhood Services will:

- work with all city partners and the voluntary sector and community partners to join up services at a local level, remove duplication and provide services focussed on the needs of local people.
- ensure that local communities, voluntary sector organisations and partners have the opportunity to develop and deliver their own solutions for a wide range of services.

- expand the Explore Library model, creating central community hubs where community groups can utilise the space and we will increase voluntary and community engagement in delivering the service.
- increase community engagement and community management in parks and open spaces
- work with all city partners and the voluntary sector and community partners to join up services at a local level, remove duplication and provide services focussed on the needs of local people.
- ensure that local communities, voluntary sector organisations and partners have the opportunity to develop and deliver their own solutions for a wide range of services.

Customer and Business Support will:

- set up a trading company to provide support services to other public sector organisations and making savings as a result of economies of scale.

Office of the Chief Executive will:

- create focussed prioritised relationships with partners that enable us to work closely together in future
- support the setting up a trading company to provide support services to other public sector organisations and making savings as a result of economies of scale.

12.5 <u>Efficiency</u>

Adults, Children and Education Services will:

- reduce costs by integrating and rationalising our management structures and support functions
- maximise the use of The Glen Children's Respite Home and Wenlock Terrace Children's Home, making best use of them by selling vacant places to other authorities to provide income whilst also enabling us to keep the facility available for local use.
- restructure adult education services to reduce management and administration costs
- ensure that charges for discretionary services like music services and arts consultants cover the full cost of providing them.
- reduce costs by integrating and rationalising our management structures and support functions
- reduce the unit cost of providing residential care for older people by renegotiating contracts to reduce spend on the procurement of goods & services in our elderly persons' homes and improve rotas of care staff to achieve the most efficient use of our resources.
- increase the "personalisation" of social care, providing customers with more choice and control over their care by reducing the cost of high quality care services and home support services to customers.
- make sure charges to customers are clear and transparent and reflect the actual costs of service.

City Strategy will:

- continue to remove duplication and inefficiency in our services
- reduce costs through improved procurement of services.
- reduce management posts and other posts following a review of all services.
- where the council is using its own vehicles to transport residents across the city, we will consider how spare seats could be offered to Dial & Ride customers.
- renegotiate the cost of concessionary bus services and subsidised bus services.

Communities and Neighbourhood Services will:

- streamline management structures and use innovative technologies and business processes to deploy staff more efficiently and reduce the need for temporary staff and overtime.
- consolidate the procurement of services and supplies to reduce spend on items such as construction materials, transport and fleet contracts and public convenience cleaning services.
- simplify the maintenance of parks and open spaces through re-landscaping of existing green areas.
- provide online and electronic community publications and communications in order to improve community engagement and reduce costs.
- ensure that charges for discretionary services cover the full cost of providing them.
- streamline management structures and use innovative technologies and business processes to deploy staff more efficiently and reduce the need for temporary staff and overtime.
- consolidate the procurement of services and supplies to reduce spend on items such as construction materials, transport and fleet contracts and public convenience cleaning services.
- modernise the parking service to introduce customer focussed shift patterns and new ways of making payment online or by phone.
- highways maintenance will be provided more effectively by managing and scheduling the repairs in line with the classification of the road and the extent of the damage
- ensure that charges for discretionary services cover the full cost of providing them.

Customer and Business Support will:

- rationalise and streamline all teams within customer and business support services
- continue to reduce the cost of goods and services through commercial rigorous procurement to control demand and ensure the Council gets the best deals available from its non salary spend
- reduce the cost of internal communications
- consolidate customer consultation activity across the Council
- further improve debt management and recover more debt.

Office of the Chief Executive will:

- reduce the number of managers at all levels across the organisation, saving £2.3m
- rationalise and streamline all teams within office of the chief executive services
- continue to reduce the cost of goods and services through commercial rigorous procurement to control demand and ensure the Council gets the best deals available from its non salary spend
- reduce the cost of internal communications
- consolidate customer consultation activity across the council.

REVENUE BUDGET 2011/12 - DETAILED ANALYSIS

Background

13 The base for the 2011/12 budget is the council's net revenue budget for 2010/11 of £117.050m. The medium term financial strategy (MTFS) for 2011/12 (presented to the Executive on 16 November 2010) included the following key assumptions:

a 0% council tax rise, with support provided by central government at a level equivalent to a 2.5% rise

b formula grant to be reduced by 7% per annum (28% over 4 years)

c specific grants and area based grants to be reduced by between 7% and 10% per annum, but to be funded by reprioritisation of existing resources, or reduction in service

d pressures classed as ‘unavoidable’ to be funded corporately, including any pay and pension costs, Treasury Management implications and investment to support the waste PFI project.

14 Further to these assumptions, directorates have been working throughout the summer to assess needs for investment in services, including areas that are causing issues in 2010/11, such as the rising demand in adult social care and issues related to the economic downturn. Any resultant gap was to be funded by saving made as part of the council’s efficiency programme.

15 The financial context for the 2011/12 budget has been significantly impacted by:

a Worldwide recession leading to central government deficit reduction plan

b Unprecedented reductions in public sector spending

c At the same time we have unavoidable ongoing financial pressures arising from

   i Increasing number of older people, living longer and requiring care and support services for longer

   ii An increase in the number of severely disabled children who require intensive support into and throughout adulthood

   iii Reductions in income from council services as people have less money to spend

   iv Reduction in funding of subsidised bus travel for older people

   v Increased cost of waste disposal

   vi Impact of changes to pensions and national insurance legislation

16 The Council's 2011/12 budget has been developed within the constraints of the extremely challenging financial climate, the government's Spending Review and provisional finance settlement information. In particular:

a Total reductions in government funding of 28% over the next four years, heavily frontloaded with York's grant being cut by 13.3% in 2011/12.

b 22 grants, worth £14,404k in 2010/11 and with an indicative value of £11,493k in 2011/12, have been rolled into the formula grant.

c The increase in formula grant in the provisional settlement, including the grants transferred in, is only £5,198k, leaving a shortfall in funding of £9,206k between the two years.

d 23 grants, worth £8,200k in 2010/11, have been transferred to the new Early Intervention Grant, for which the council will receive £6,350k in 2011/12 a further shortfall of £1,850k.

e 21 grants, worth £13,685k in 2010/11, have been incorporated within the Dedicated Schools Grant (DSG). The provisional DSG for 2011/12 is £106,564k, an increase of £13,659k from the 2010/11 level (subject to pupil number adjustments).

f There are a further five grants (worth £759k in 2010/11) as yet still under review.

g Against these pressures Executive were advised in December that directorates would need to find savings of approximately £15m to be able to set a balance budget for 2011/12.

h In addition, other grants (worth £5,729k in 2010/11) which formerly were direct grants to service areas have been cancelled, creating additional financial pressures in directorates.

i While the Council has been penalised over the past few years by the workings of the floors and ceilings within the formula grant mechanism, for 2011/12 this same process will offer the protection of a damping gain of £2,508k.

j The Council will receive a further reduction in formula grant of £5,040k in 2012/13.

17 Against these funding reductions the Council has been offered a sum of £1,828k per annum for each year of the Spending Review period if the council tax level in the area is frozen for 2011/12 at the 2010/11 level. At the same time the threat of 'capping' local authorities who decide to raise council tax levels or net expenditure above a level yet to be determined by the government has not been removed. York currently has the second lowest Council Tax of all Unitary Authorities.

18 The 2010/11 revenue budget monitoring process has identified areas of activity that currently have insufficient capacity to deal with the increased demands on those services. In addition consideration has been given to the Councils top priorities, and the need to ensure that key front line areas of activity, particularly

those in respect of adults and children, can continue to be provided. From this analysis, specific areas of investment will be proposed within the Councils 2011/12 budget , in particular within the following areas :

- Increasing demand on adult social care services
- Impact of economic downturn on the Council's income generating services

19 The proposed budget for 2011/12 reflects the need to direct investment into these areas in order that planning and monitoring of service delivery and improvement can take place against an adequate resourcing platform.

20 In addition, the Council recognises that adequate provision needs to be created within the budget to ensure that the continuing financial impact of the economic downturn can be contained effectively. Following detailed review of economic pressures both on front line services and the Council's Treasury Management function, it is proposed that money will be set aside within the budget to contain the impact of these pressures.

21 In order to create the financial capacity to enable adequate investment in these priority areas the budget strategy has been based around certain key financial management principles. A fundamental maxim of the strategy is that Directorates have been made clearly responsible for the robust and effective self-management of their existing financial resources and that restraint has been expected in putting forward requests for additional growth in budget to be funded corporately.

22 Directorates have been expected to contain their net expenditure within clearly defined and strictly enforced cash limits with a clear expectation that Directorates self manage all non-exceptional budget pressures within this cash limit. These pressures include the anticipated cost of the pay award and any incremental increases due in year. Explicitly linked to self-management within defined cash limits has been the requirement for directorates to demonstrate the re-allocation of budgets in order to contain internal financial pressures.

23 York has a strong track record of delivering Value for Money and initiated an innovative efficiency programme, More for York, which is on track to deliver £9m savings from the work undertaken in the current year so it is well place to meet the financial challenges set out above.

24 The provisional funding settlement for 2011/12 was released on 13 December 2010 and final details were published on 31January 2011. As a result of the spending cuts announced in the Spending Review, York suffered a reduction of 15.6% in funding.

25 In previous years York has been subject to a top slicing of its grant in order to ensure that all authorities receive a minimum increase. However, because of changes to a number of the formulae used to calculate grant, this year's distribution has altered significantly and York now finds itself below the floor,

which is a negative 15.2%. This has resulted in York receiving an additional £2,508k in floor damping funding.

26 York receives £245.41 of formula grant per head of population compared with the unitary average of £382.23.

27 In arriving at the budget proposals to be recommended to Council consideration has been given to the savings and growth proposals considered by the individual Executive Decision Making Sessions (EDMS) meetings and the representations thereon, as well as the responses to the budget consultation exercise.

28 Members of the Executive will be asked to recommend the expenditure and income proposals in this budget paper for the approval of full Council on 24 February 2011.

Expenditure Pressures & Budget Position

29 Annex 1, summarised in Tables 1 to 5, sets out the latest estimate of the budget position for 2011/12, using the funding assumptions described in the earlier section and the savings and growth being recommended to Council. Annex 2 summaries the same information on a directorate basis.

Expenditure Requirements	**2011/12 £'000**
Net Expenditure Budget for 2010/11	**117,882**
Less: One-off Funding for non-recurring items	-832
Starting Expenditure Requirements for 2011/12	**117,050**
Add: Direct Grants transferred into formula grant	14,404
Adjusted Starting Expenditure Requirements for 2011/12	**131,454**
Expenditure Pressures in 2011/12	
Unavoidable and corporate non-schools expenditure pressures	5,476
Priority investment	1,109
Directorate loss of direct government grants	5,729
Directorate growth funded via reprioritisation	2,809
One-off growth	442
Total Expenditure Pressures	**15,565**
Total Expenditure Requirements for 2011/12	**147,019**

Table 1 - 2011/12 Expenditure Requirements

30 The corporate, priority investment and directorate spending pressures and growth proposals are outlined in Annex 3 and summarised in Table 2.

	Proposed Ongoing	Proposed One-off
	£'000	**£'000**
Unavoidable and Corporate Growth		
Treasury management	1,131	0
Increments and pay and grading appeals	1,995	0
Increase in pension fund costs, redundancy payments and national insurance	1,950	0
Contingency fund	400	0
Total unavoidable and corporate growth	**5,476**	**0**
Priority Investment		
Waste	750	
Reduced Yorwaste Dividend	230	
Revenue costs of new capital schemes	129	
Total priority investment	**1,109**	**0**
Directorate Growth funded via Reprioritisation		
Adults, Children and Education loss of direct grant	5,729	0
Adults, Children and Education	1,449	0
City Strategy	760	0
Communities and Neighbourhood Services	0	202
Customer and Business Support Services	0	240
Office of the Chief Executive	600	0
Total directorate growth	**8,538**	**442**

Table 2 - 2011/12 Summary of Growth

31 Annex 3 lists growth proposals totalling £9,836k split between base budget of £9,394k and one-off budget of £442k. Within this, £6,913k relates to recurring directorate pressures, including both the priority investment items listed above and directorate growth funded via reprioritisation. The proposed funding for the one-off growth items is £60k from one-off saving with the remainder being funded from the surplus available from the collection fund (which is also one-off income, see paragraph 54 for further information).

Unavoidable and Corporate Growth

<u>Treasury Management (£1,131k)</u>

32 The council has to make provision within the revenue account to fund the interest paid and principal repayments on any borrowing it undertakes. Overall there is a growth proposal for £1,131k in the treasury management budget due to the increase in interest paid on borrowing in line with the capital investment requirements of the capital programme. There is little impact from the principal repayments of debt known as the minimum revenue provision and interest earned remains low in the historically low investment interest rate environment.

33 The MRP represents the minimum amount the council must set aside to repay its debt, rather like the principal element of a mortgage repayment. This is calculated as a percentage of the council's capital financing requirement. The capital financing requirement reflects the council's underlying need to borrow for a capital purpose. Further detail on treasury management is included in a separate report on this agenda.

Other Unavoidable and Corporate Growth (£4,345k)

34 The job evaluation exercise resulted in a twelve grade structure with four levels within each band. 2011/12 is the final year that will include incremental payments for staff appointed at the bottom of the grade as part of that process. It should be noted that these pressures were included within the appropriate EDMS report and are included within the departmental analysis in Annex 2.

35 The latest valuation of the North Yorkshire Pension Fund was as at 31 March 2010, and this provides the revised employer contribution rates for the three year period from 2011/12. York's pension fund deficit is now estimated at £102.96m compared to the last valuation figure of £95m. The Fund's actuary has allowed employers to increase their deficit recovery period to a maximum of 30 years in response to the steep cuts in funding arising from the Spending Review.

36 At the time of the 2007 valuation York's employer contribution rate was 18% of pensionable payroll, comprising 12.3% for future service and 5.7% to contribute to the deficit. The actuary has amended his methodology and the deficit is now expressed as an actual monetary amount rather than a percentage of pay. This reflects his assumption that payrolls are likely to reduce over the following three years as the impact of spending cuts are felt.

37 In order to limit the pressure on budgets York has extended its deficit recovery period to 26 years (all other North Yorkshire authorities are at 30 years). The future service element has reduced to 12.2% of pensionable payroll and the annual payment that must be made to reduce the deficit for 2011/12 is £4,962k. It is expected that this will translate to an overall increased employer contribution rate of 19% for 2001/12. However, the requirement for an annual payment to be made (and therefore only the 12.2% service element is attributable to any savings) will in effect reduce the amount that can be saved from a number of staffing related savings. In addition there will be a need to make provision for payments to the fund relating to cost of early retirement arising from redundancies. The estimated cost of all these changes is £1,500k.

38 A sum of £450k is provided to fund the net effects of the 1% increase in the employer contribution rate for national insurance and rise in the weekly threshold for contributions. This figure is a prudent estimate based on current pay commitments to cover the net overall pressure created by these changes.

39 The contingency budget for 2010/11 was set at £585k. Of the £420k released during the year only £20k is an ongoing allocation - the remainder has provided funding for issues that have arisen in the year. The base budget remaining of

£565k has been offered up as a saving for 2011/12. It is recommended that the minimum level for 2011/12 is a contingency in the sum of £400k. This is based on a risk assessment of all the financial issues that face the council next year, including income reductions in the current economic position continues.

Priority Investment

40 The council has experienced cost pressures during 2010/11 due to demographic and demand-led changes which will have continuing impact in 2011/12. At the same time there are other pressures that result from council and government priorities. Each of these has been separately addressed during the preparation of the budget and is detailed below. It should be noted that these pressures were included within the appropriate EDMS report and are included within the departmental analysis in Annex 2.

41 In order to avoid increasing landfill tax liabilities and penalties the council is undertaking a joint procurement exercise with North Yorkshire County Council (NYCC) for a waste processing facility to reduce the amount of waste landfilled. In the meantime , the government has confirmed that landfill tax will increase by £8 per tonne from April 2011. Further investment costs arise from the implementation of the approved waste strategy refresh report and from further promoting the need to reduce landfill and increase recycling and for anticipated LATS penalties. Altogether £750k is being invested.

42 The dividend profile anticipated from Yorwaste shows a marked downturn on the previous levels and the amount included in the base budget. The budgeted level is £430k whilst the anticipated dividend is likely to be £200k, resulting in a budget pressure of £230k.

43 Adult social care costs are increasing due to demographic changes, increased demand and known costs associated with individuals with complex needs transferring from Children's Services. Three schemes are being developed which will provide long term solutions for individuals with complex needs and support the agenda of moving away from residential care to more personalised outcomes of care based in the community, which put the individual at the heart of the care planning and management process. Provision is also made to fund the current level of unbudgeted take up of Direct Payments being experienced in 2010/11, and which will allow the Council to continue to meet its statutory responsibilities in this area. In addition the Council is expecting to be able to access, in conjunction with the Primary Care Trust (PCT), £2m of additional government funding in 2011/12. The expectation is that this funding will be used on a partnership basis to manage the additional costs of projected demographic increases in the adult care population in the city. Provision is also included for a supported living scheme for 21 clients at Mayfield Court. In total increased investment of £1,449k is being made to meet all these demands.

44 Other areas where investment is being made is to cover the revenue costs of schemes in the council's capital programme, the cost of the local elections in

May 2011 and the approved cost of the More for York programme team within OCE; as agreed by the Executive on 2nd November 2010.

Directorate Budget Growth and Investment

45 As set out in paragraphs 21 and 22 directorates identified cost pressures relating to price inflation, increments, additional costs following the implementation of the pay and grading review, loss of direct service grant and other areas which require increased investment for which they needed to identify savings/efficiencies. The full list of the directorate growth proposals, including those that are shown as priority investment in Table 2, are detailed in Annex 4.

Funding Position

Government Settlement - 2011/12

46 Although the Spending Review set out a four year recovery plan the government has only set out 2 years of funding for local government with the announcement of the final 2011/12 local government finance settlement on 31 January 2011, along with the provisional 2012/13 settlement. Formula grant for 2011/12 is £49,768k, a decrease of 15.6% on 2010/11, whilst 2012/13 show a further 10.0% loss of funding at £44,728k. The decision to provide only a two year settlement allows the coalition government time to consider a total overhaul of the current distribution model.

Funding Requirements	**2010/11 £'000**
Existing funding	**-117,882**
Removal of one-off funding for non-recurring exp.	544
One-off use of collection fund surplus	288
Starting Funding for 2011/12	**-117,050**
Funding Changes in 2011/12	
Increase in formula grant	-5,198
Lead Local Flood Authorities Grant	-120
Contribution from collection fund surplus	-1,000
Total Additional Funding for 2011/12	**-6,318**
Additional council tax income received from an increase in council tax base	-653
Council Tax Freeze Grant	-1,828
Net Funding Available	**-125,849**

Table 3 - Funding Available 2011/12

Budget Position Summary

47 The above has highlighted both corporate and departmental expenditure pressures and changed funding that the council will be receiving in 2011/12. The following table shows the budget position at this stage.

	£'000
Direct grants transferred into formula grant	14,404
Corporate expenditure pressures	5,476
Priority investment	1,109
Directorate loss of direct government grants	5,729
Directorate growth requirements	2,809
Net one-off growth	442
Total Expenditure Pressures	**29,969**
Additional government grant	-5,198
Lead Local Flood Authorities Grant	-120
Additional council tax income	-653
Collection fund surplus	-1,000
Council Tax Freeze Grant	-1,828
Total Additional Funding	**-8,799**
Budget Gap	**21,170**

Table 4 - Budget Position Summary

Savings and Income Generation

48 Once again the More for York programme will be used to support the delivery of the savings. The programme will now be on a much larger scale and Directorate Management Teams will be central to delivery and managing the changes. It must be stressed that achievement of these efficiencies will not be easy to deliver but they are essential in order to deliver investment into priority areas. The scale and pace of the transformation process in coming years will be critical to the council maintaining financial stability. In addition, clearly with the future pressures on public spending, combined with known forecast increased pressures in children's care, adult care, and waste management, the council will face the need to both achieve significant transformational change, and review the overall type and level of service provision in coming years.

49 As required by the principles outlined in paragraph 11 directorates have put forward savings of which £19,929k is being recommended, including the full year effect of the 2010/11 More for York programme, with a further £60k to fund items of non-recurring expenditure, giving a total of £19,989k. Net corporate efficiency savings, comprising the removal of budgets for 2010/11 pay award and contingency not utilised for recurring expenditure, of £1,365k have also been identified. Annex 4, summarised in Table 5, details the £21,170k of individual savings and income generation proposals on a directorate basis.

	2010/11 £'000
Adults, Children and Education	-11,430
Communities and Neighbourhood Services	-4,219
Customer and Business Support Services	-1,528
City Strategy	-1,978
Office of the Chief Executive	-650
Net Total of Savings	**-19,989**
Corporate Savings	**-1,365**
Total Savings	**21,170**

Table 5 - Saving Proposals

50 The savings proposals above, if accepted, will reduce the establishment by approximately 170 fte posts, although some of these are part-time and some are currently vacant. It is not possible to calculate a cost in terms of redundancy or early retirement as staff may be redeployed into other posts. Comments from the Assistant Director of Customer & Business Support Services (Customers & Employees) on the implications of these proposals in terms of posts lost and possible redundancy situations are detailed later in this report.

Council Tax and the Collection Fund

51 The existing components of the current (2010/11) band D council tax for a CYC resident are shown in the Table 6. It should be noted that these figures exclude parish precepts which are an additional charge in some areas.

	£
City of York Council	1,090.85
North Yorkshire Police Authority	204.55
North Yorkshire Fire Authority	62.10
TOTAL	**1,357.50**

Table 6 - Make Up of 2010/11 Council Tax

52 The recommendation made in these papers is that from April 2011 the CYC element of the council tax will remain at £1,090.85, hence allowing the council to claim the council tax freeze grant.

53 The collection fund is the ring-fenced account where all council tax is credited. 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 and the growth in property numbers. 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 authorities share in any surplus or deficit on the fund; York's share of the surplus in 2010/11 is 80.48%.

54 For a number of years, due to high collection rates and the buoyancy of the housing market, York's collection fund has been in surplus. During 2009/10 and 2010/11, despite the current economic position but also reflecting the fact that there are increased numbers of accounts paid through the benefits system, the position has been maintained. As a result a one-off contribution towards the council's budget of £1,000k is being made, which is being used partially to fund the non-recurring growth items identified in Annex 3 and partially to fund expenditure which will be funded by the full year effect of 2011/12 savings from 2012/13 onwards.

Fees and Charges Proposals

55 Detailed proposals for fees and charges were included in each directorate's budget EDMS papers in February 2011 and as such are available in the Members library. The vast majority of proposals have taken account of such factors as current retail price indices, possible impact on customer numbers, knowledge of business and current market conditions and benchmarking exercises.

Reserves

56 Table 7 shows the position on the general fund reserve which, it is anticipated, will be £6.752m by the end of 2011/12. These figures are based on the assumption that Members agree the recommendation in paragraph 54 to use the collection fund surplus to fund non-recurring growth proposals. 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. It should be noted that the figures below assume that there will be no requirement to fund an overspend against the 2010/11 budget and the year-end position will change depending on how the final out-turn compares to this estimate.

	2010/11 Projected Out-turn £'000	**2011/12 Budget £'000**
General Fund Total at end of year	**6,752**	**6,752**
Prudent Minimum Reserves	5,893	6,095
Headroom (+)/Shortfall (-) in Reserves	**+859**	**+657**

Table 7 - Projected General Reserves

57 Formerly CPA guidance recommended a prudent level of reserves should be 5% of the net non-schools revenue budget. For 2011/12 this would be equal to 5% of £125,713k, or approximately £6,286k.

58 However, in line with best practice the council also undertakes a targeted calculation taking into account identified risks and known commitments. In considering what level of general purpose balances that should be held it has been determined that the prudent level must include provision for such

eventualities as the Bellwin scheme costs of two major disasters in a financial year, 2% of the council's net revenue budget, a shortfall in council tax income of 0.5% and sufficient to cover the highest level of departmental overspend in prior years.

59 The total from the risk based calculation is that the prudent minimum level of reserves should be £6,095k compared to the former CPA guideline figure of £6,286k. Details of the forecast levels of the general fund reserve are shown in Annex 5, together with an update of future levels of the council's venture fund.

General Contingency

60 In order to meet any unforeseen or currently unquantifiable 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. Since decisions to release contingency funds are reserved to the Executive it also allows a clear and transparent decision to be made about the release of contingency funds based on information provided in reports to the Executive. Due to the uncertainty of the size and nature of the issues and indeed whether some of them will happen at all, the level of funding provided is less than the total potential demands.

61 The general contingency for 2011/12 will need to be set at a level to allow the council to cope with some potentially significant financial issues, which are at this stage not fully quantifiable as well as any implications of the government's change agenda. A level of £400k is recommended.

62 In the context of the estimates provided above and the difficulties of forecasting whether or not the economic downturn will continue it is recommended that Members set a contingency for 2011/12 of £400k.

63 The contingency included in the 2010/11 budget was £585k which, apart from £20k used for recurring expenditure, has been used to fund one-off items of expenditure, with the remaining sum held against overspending areas. Whilst this has not been allocated to schemes in the year it has been referred to in current year budget monitoring reports as being used to offset the pressures across all areas, and the monitoring reports have identified this specifically. The base figure remaining of £565k has been offered up as a saving. if the contingency amount is agreed at £400k there is a need for a growth item of the same amount.

Adopting Changes to the Proposals

64 Details of service budgets and plans were provided to Members as part of the EDMS papers for consultation. Included in those papers were a number of items identified as to be proposed to the Executive. The recommendations in this report are based on a set of proposed growth and savings items which, when amalgamated with the grant settlement and a zero council tax increase, produce a balanced budget.

65 At Executive or Full Council Members are invited to move amendments in order to either

a. to make amendments to, delete or enhance the list of budget options that are proposed
b. to alter the council tax level, taking account of the information about possible capping and allowing for the fact any increase in council tax will mean that the council tax increase grant of £1,828k will be lost, thus increasing the council tax by at least 2.5%.

66 Members also need to take due cognizance 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)

67 There is a separate budget report for the HRA which is attached at Annex 6. The result of all the adjustments outlined within the report is an in-year surplus of £383k. Together with the projected brought forward working balance of £9,189k this leaves a working balance of £9,572k on the account.

68 This surplus is broadly in line with that forecast in the HRA business plan. The HRA surplus needs to remain on the account to be reviewed once the HRA business plan is updated to reflect both the budget detailed in this report and the 2010/11 outturn position. Members are reminded that the HRA surplus is needed to fund expenditure in future years.

69 A major reform of HRA finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government, will lead to very substantial changes in the way in which the HRA is financed. At the time of writing the details of the proposed self financing offer had only just been received and officers are working through the detailed implications on the HRA business plan and future funding streams.

Dedicated Schools Grant (DSG) and the Schools Budget

70 The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, pupil referral units (PRUs), private, voluntary and independent (PVI) nurseries or externally purchased places). As such it covers funding delegated to individual LA maintained schools and PVI providers through the LMS & Early Years Funding Formula, plus funding for other pupil provision which is retained centrally by the LA (e.g. SEN, PRUs, behaviour support, home & hospital tuition, school contingencies etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (0% in 2011/12).

71 The council 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.

72 There are also strict limits (central expenditure limits [CEL]) on the amount of the DSG that the council can retain centrally to either fund pupil costs outside mainstream schools, or to provide targeted allocations during the financial year to maintained schools.

73 Annex 7 sets out the budget proposals for the DSG and schools budgets, which will give £4,657 per pupil.

Funding Available within the DSG

74 The funding available includes the estimated 2011/12 DSG allocation of £107,076k, an early estimate of funding for post 16 pupils from the YPLA of £6,722k, the estimated level of the pupil premium for York schools of £1,241k and an estimated surplus carry forward from 2010/11 of £100k. The figures are prior to the outcome of the January 2011 pupil census, and will be further updated when this data is available.

Balancing the Schools Budget

75 Annex 7 shows that there is headroom available within the schools budget of £758k. This figure is still prior to a precise assessment of pupil numbers being made following the January pupil census. If final pupil numbers vary from those currently estimated the impact will be felt both in the level of DSG to be received from the DfE and in the level of funding that will need to be allocated to schools through the LMS Funding Formula. The Executive will be provided with an update of the decisions and comments made by the Schools Forum.

Precepts

76 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 24 February.

- The Police Authority will be meeting on 7 February 2011 to determine its precept and council tax charge
- The Fire Authority will be meeting on 10 February 2011 to determine its precept and council tax charge.

77 Table 10 demonstrates both the cash and percentage increase in 2010/11 for these which resulted in a total band D council tax for a York property of £1,357.50.

	2009/10 Charge £	2010/11 Increase (£)	Increase (%)	Council Tax
CYC	1,062.17	28.68	2.70	1,090.85
Police	199.17	5.38	2.70	204.55
Fire	60.89	1.21	1.99	62.10
Total	1,322.23	35.27	2.67	1,357.50

Table 10 - Headline Council Tax Figures for City of York Area

78 There are 31 parish councils within the City of York Council area. Of these 30 have notified the council of their precepts for 2011/12 at an average increase of 3.47%, however there is a wide range of variations from a reduction of 9.86% to an increase of 33.33% in the individual precepts.

National Non Domestic Rates (NNDR)

79 In April 2010 the two NNDR multipliers were 41.4p in the pound for normal properties and 40.7p in the pound for smaller properties (based upon the total rateable values of all properties held by a single owner). In April 2011 the multipliers will increase to 43.3p (by 4.6%) and 42.6p (by 4.7%) respectively.

THE FINANCIAL STRATEGY 2012-2017

80 The medium term revenue plan is based on an analysis of the key influences on the council's financial position and an assessment of the main financial risks facing the council. Attached, as Appendix 1 is the background to the Financial Strategy, including information on its purpose, links, priorities and issues, objectives and financial context. The financial forecast is set out below and the individual components of it are discussed in more detail in the following sections.

	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	£m	**£m**	**£m**	**£m**	**£m**
RESOURCES					
Variation in Grants	5.04	1.00	3.00	3.00	3.00
Increase in Council Tax (1%)	-0.73	-0.74	-0.75	-0.75	-0.76
TOTAL VARIATION IN RESOURCES	**4.31**	**0.26**	**2.25**	**2.25**	**2.24**
INDICATIVE ALLOCATIONS					
Cash Allocations in budgets (pay/prices) 1% in 2012/13; 2% from 2013/14	1.31	2.63	2.67	2.74	2.78
Treasury Management	0.60	0.60	0.30	0.30	0.30
Pension Deficit	0.25	0.25	0.25	0.25	0.25
Waste PFI	0.75	0.75	0.75	0.75	0.00
General Demographic Pressures	1.50	2.50	2.50	2.50	2.50
Contingency Sum	2.00	2.00	2.00	2.00	2.00
TOTAL ADDITIONAL PRESSURES	**6.41**	**8.73**	**8.47**	**8.54**	**7.83**
Financial gap to be met from efficiencies and other savings	**10.72**	**8.99**	**10.72**	**10.79**	**10.07**

Table 11 - Revenue Plan 2012-2017

81 The figures outlined in Table 11 show the scale of the financial gap that will have to be met from efficiencies and other savings. In broad terms this is estimated at some £10m per annum, equivalent to almost 8% reduction in net

expenditure. It should be noted that many of the savings proposals set out in this report will have full year implications in 2012/13. Therefore these will contribute towards meeting a part of the forecast shortfall in 2012/13.

82 This sort of scale of reduction is very much in line with the forecasts of other public sector organisations, and clearly represents a major challenge for the council. Members should note the statutory advice of the Director of Customer and Business Support Services in paragraphs 126 to 137 in this context.

83 The council will need to plan effectively for the achievement of these efficiencies, in order to ensure continued financial stability of the council. This will require both a major programme of transformation/efficiency (which the council has embarked upon through More for York) and also a complete review of all areas of activity, the range of services provided, and the scale of such provision. Further regular reports to the Executive will be required over the coming year to consider these issues.

Variations In Grants and Council Tax

84 This assumes a reduction in general grant funding amounting to £5,040k in 2012/13, as indicated in the finance settlement, and further reductions in grant funding, estimated at £1,000k in 2012/14 and £3,000k for other years, as indicated in the Spending Review with council tax increases of 1%. Clearly these forecasts are merely for planning purposes, but they are based upon the broad objective that the medium term plan should not be based upon excessive council tax rises and the likely continuing reduction in central government funding. Ultimately it will be for Members to consider the balance between council tax and spending pressures, but an effective plan should promote the development of choices, rather than making an assumption that a high level of council tax will be the solution.

Cash Allocations

85 An increase of 1% for both pay and prices is assumed for 2012/13 with 2% for future years, recognizing both the general trend on pay and prices at present, but also the need to keep cost pressures to manageable levels in future years.

Treasury Management

86 For a very long time the council has had good treasury management performance. In recent years this has become excellent with our borrowing rates being among the lowest in the country and loans almost always being taken out at market low points. Investments have outperformed market benchmarks and cash flow has been very strong, although more could still be done in terms of the timeliness of income collection. This performance and the interest earned is now built into our interest and borrowing budgets and we have to achieve it in order to meet our budget expectations. With the global economic situation there is risk that this will not be achievable and the reliance on continuing with this level of performance over future years cannot be guaranteed.

87 The capital programme is funded from a combination of sources including grants, borrowing, capital receipts and revenue contributions. The current state of the economy and the general depressed property market make it an unfavourable time to be disposing of high value assets and this results in pressures being placed on capital receipts values being realised as discussed in the capital report. In addition, as there are no further surplus assets to dispose of to fund new capital expenditure requirements, the use of revenue contributions to fund capital expenditure on a permanent basis was introduced as part of the 2009/10 budget process. Due to the current pressures on all budgets across the council revenue contributions are not always available, therefore prudential borrowing is used as an alternative form of funding. This has resulted in growth in the treasury management budget to allow for a certain level of capital expenditure to be supported in line with the levels set out in the Capital Programme Budget report.

88 Further growth in revenue will be needed to fund the proposed capital programme for 2011/12 to 2015/16 and these assumptions will be incorporated into the council's medium term financial strategy, but will clearly need to be considered/reviewed as part of each years' budget setting process. In particular it may be that additional capital receipts are identified over coming years which would reduce the need for prudential borrowing, and also some capital schemes within the programme are still subject to detailed business cases being considered by the Executive, and as such some of the assumptions for future years will potentially change.

Deficit on the Pension Fund

89 When issuing the latest valuation of the North Yorkshire Pension Fund as at 31 March 2010, as explained in paragraphs 35 to 37 the actuary has changed the methodology for recovering the deficit funding element of the calculation from being incorporated in a percentage of payroll costs to an annual charge. The annual charge is scheduled to increase by £250k per annum over the period of the review.

Waste Management

90 There are significant cost pressures facing the waste management budget over coming years. Landfill tax is currently increasing by £8 per tonne per annum and the landfill allowances regime limits the amount of biodegradable municipal waste that the council can dispose using landfill. On current forecasts the council may not achieve the landfill allowance trading scheme (LATS targets) in 2011/12 and very unlikely to meet the target in 2012/13. his will mean the council will then have to buy LATS permits or pay fines of £150 per tonne. This is a consequence of the landfill allowance falling significantly to 20,640 tonnes by 2020. n current estimates this will cost the council £2,570k in landfill tax increases and potentially cost £3,600k in LATS fines over the next three years

91 On 9 December Full Council agreed to the award of a long-term Waste Management Service Contract to Amey Cespa. The contract, which is subject

to Amey Cespa receiving satisfactory planning approval, will treat the councils waste that is currently sent to landfill by

- Mechanical and Biological treatment to remove additional recyclates,
- Anaerobic Digestion of organic waste and
- thermal treatment of other waste resulting in the production of electricity.

92 The service will remove future LATS liabilities to the council and take away the risks of increasing landfill tax.

93 Full council agreed to set aside £750k for five years 2011/12 to 2015/16 in order to fund the long term costs of the new contract. This budget will also allow for the increases in landfill tax and to support the purchase of Landfill Allowances that will be needed in the period prior to operation (currently assumed to be in 2014/15). The council is currently monitoring developments within the local area particularly around anaerobic digestion plants to determine whether short-term contracts can be secured to divert waste until such time as the PFI facility comes on stream. However, if short-term solutions can not be secured, then the council will be looking to purchase LATS permits.

General Demographic Pressures

94 Nationally there are projections of significant demographic pressures expected over the next 10 - 15 years with respect to both the older peoples population and people with learning disabilities. York starts with a slightly above average older population for England and a 17% increase in the number of over 65s is expected by 2015 along with a 6.5% increase in the number of adults with a learning disability. The impact of this growth in the client base will be further magnified should historic increases in the average cost per client also continue. 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. Adult Social Services face a number of significant challenges and changes, mainly related to personal choice and funding agenda and the procurement of services. The Council's response to these issues and the changing demographics is critical to its future financial stability.

95 Services providing housing related support are currently funded by the Supporting People Grant. This grant has transferred into Formula Grant from 2011/12 and is therefore subject to a 13% reduction in its level. The grant is used to fund a range of services, including warden call, sheltered housing, homelessness support workers and support to vulnerable adults including victims of domestic violence.

Contingency Sum

96 A sum of £2,000k is included for each of the next 6 years, based upon past experience which suggest that there are always a number of pressures that emerge which cannot be identified at this stage. This also allows for proper

financial planning, and ensures the council is fully prepared for changes in financial circumstances.

IMPACT ASSESSMENT OF THE 2011/12 BUDGET PROPOSALS

97 The budget set out aims to tackle a variety of issues. Clearly it aims to be prudent and to set medium term plans which are set out in the report. However, a financial plan is more than just about the numbers, it is about how resources are allocated and what impact that allocation has upon a range of issues. The following sections bring together how this budget has contributed to the following:

- Council Priorities
- Feedback from consultation
- Economic downturn
- Sustainability
- Equalities

Council Priorities

98 The budget proposals contained within this report will support the achievement of the council's overall objectives in many ways, specific initiatives include;

- investment of £445k for issues that arise due to the economic downturn (Thriving City)
- investment in energy improvements and carbon reduction schemes in the capital programme (Sustainable City)
- investment of £1,499k in elderly care and Future Prospects (Inclusive City).
- Investment in the capital programme on highway maintenance (Safer City).
- cuts in administration, including staffing and back office savings, and increasing the scope of the council's ambitious efficiency programme (Effective Organisation).

Feedback from Consultation

99 As with previous years we have asked residents what services they value and where they would wish CYC to continue providing the levels of service they receive now and where they think we should reduce spending. This year steps were taken to reduce the cost of the Budget Consultation, whilst ensuring that it was statistically reliable. Budget questions were included in Your City and available online. Residents were also able to give their views through a separate online budgeting tool - YouChoose. The consultation generated a statistically reliable response of 738 for Your City and 465 for YouChoose.

Your City Questions - This was based upon 3 questions

- 60% of residents would choose to meet the budget challenge through higher fees and charges, 44% through reductions in service and only 30% of residents through increased Council Tax.

- People are more willing to pay increased charges for Planning, Parking and Leisure facilities than they are for Homecare services.
- In deciding whether budgets for different services should stay the same or be reduced, residents were more likely to say that funding for social care services, community safety and street based services should remain the same – 85% Children's social care, 75% crime prevention and community safety, 76% Adult social care, 76% waste and recycling, 74% road and footpath maintenance and 70% street cleaning.
- Residents were more willing to reduce spending on a broad range of leisure and culture services and on young peoples services and transport with 64% reducing sport and leisure facilities (including events and activities), 63% reducing theatres and museums, 47% reducing parks and open spaces, 45% reducing libraries, 42% reducing young peoples services and 41% reducing transport services.

You Choose Questionnaire - This was an interactive online tool that asked residents to identify how to make £15m savings by either increasing/decreasing Council Tax, spend or fees and charges on a range of services.

- Perhaps because residents were asked to identify total savings they were generally much more likely to reduce expenditure in all areas. However the same pattern of preference as in Your City was repeated with 98% of residents reducing the budget for Council support and public engagement, 92% reduced leisure and culture budgets, 89% reduced Adult Social Care budgets, 81% reduced Children's Social Care budgets whilst community safety was reduced by 74% of residents.
- In terms of service efficiencies and saving money, respondents were very supportive of all the options. A review of the authority's fleet vehicles was supported by 82% of respondents, sharing services with partners by 78% and outsourcing services to external suppliers by 57%.

Face to face consultation - In early November 2011 members of our citizens' panel, talkabout, attended a public event aimed at providing them with an understanding of the council's funding situation and the budget challenges facing the city. Following discussions attendees were then encouraged to give us their views on the budget setting through the Your City questions and YouChoose online survey. In addition to this consultation with businesses took place towards the end of January 2011 with members of the Business Forum and York Professionals. The main issues raised by businesses were:

- Parking charges in the city centre compared to charges (or lack of) for shopping centres outside the city centre
- Local companies and training / apprenticeships for 16-18 year olds given more consideration in procuring work
- Age related concessions, including a review of the age concessions are made available in line with the changing population
- Ensuring standards for planning are maintained during economic downturn rather than making it easier for developers
- Staff to identify savings in their own areas, due to their knowledge

- Protecting pay for those on lower earnings (under £21,000) is important for the city to prosper
- Ensuring York residents still have access to the universities in the city after the restriction on tuition fees is lifted.

100 At a meeting of the Youth Council in early January 2011 members were asked to consider which services should have their funding stay the same and which could be considered to have their reduced (question taken from the Your City questionnaire). Of the 18 young people who attended the meeting, all agreed that the budget should remain the same for children's social care, community safety, services for young people and housing and homelessness. Services in which the group were more likely to believe that the budget could be reduced were parks and opens spaces, libraries, theatres/museums, roads and footpaths and transport.

101 At its meeting on 14 July 2010, Effective Organisation Scrutiny Committee received a report on the Budget Strategy for 2011/12 and on the Medium Term Financial Planning for 2012/13 to 2014/15. The Scrutiny Committee applauded the proposals for earlier and enhanced consultation on the budget strategy and commended the fuller consultation proposals to the Executive.

102 In accordance with constitutional practice, at its meeting on 6 December 2010, Scrutiny Management Committee considered what level of budget it considered appropriate in the coming year to support scrutiny reviews. The Committee took into account existing levels of spend in 2010/11, some areas of likely spend in 2011/12 and the councils overall financial position. In the light of those considerations, the Committee agreed to recommend that, for 2011/12, the Executive maintain the current levels of funding for supporting scrutiny reviews at £15k.

Responding to the Economic Downturn

103 The financial strategy addresses the economic downturn in a number of ways. Within the separate report on the capital programme and referred to within this report, the impact of declining capital receipts is considered. This has major implications for the council and in order to provide for a balanced capital programme and to limit the extent of borrowing, the council will need to make prudent revenue provision to support the capital programme.

104 The revenue budget also considers the impact on a range of budgets and this includes car parking and the commercial portfolio charges, where income is likely to suffer. The budget for treasury management also considers the impact of reduced interest rates.

105 The continuing extent and impact of the economic downturn will be constantly monitored throughout 2011/12 and the council will endeavour to respond wherever possible or practicable to any events as they arise.

Sustainability

106 The council is making further investment in recycling in an effort to keep landfill to a minimum and is also continuing to support the joint waste PFI project with NYCC. The relocation to a new building will allow the council to rationalise numerous smaller buildings that are less energy efficient in a variety of ways compared to a single purpose modified and redesigned building. The new accommodation will be central to the council's strategy in meeting its carbon reduction.

Equalities

107 An equality impact assessment has been completed on the overall impact of the budget proposals and this is available as a supporting document to this report. This has been developed as a result of Equality Impact Assessments for services which are undergoing changes, and following consultation with groups with protected characteristics on the range of proposals. The impact assessment has highlighted that growth proposals will have a cumulative beneficial impact on groups with protected characteristics. Some savings proposals will have a cumulative negative impact on older and younger people who are disabled and their carers, these proposals also impact on other customer groups. The negative impacts are being mitigated through careful implementation and the positive targeting of growth funding at these groups. Members of the Executive are asked to:

- prioritise growth expected to have a positive effect on older and younger people who are disabled, and their carers
- consider savings expected to have a negative effect on the groups mentioned above, last
- regarding increases in fees and charges, particularly in adult social care, ask Officers to make appropriate provision for people from the groups above, especially those who have limited financial means
- in cases where service provision is passed on to independent providers, ask Officers to ensure that contractual agreements ensure that people from the groups above receive the same level of service as before or better.

Specialist Implications

108 The following implications apply to this report:

Financial

109 These comprise the body of the report.

Human Resources (HR)

110 Implications are identified against each of the individual growth and savings proposals listed in Annexes 3 and 4 where appropriate. In summary the budget proposals could result in the reduction of around 170 FTE posts. The HR implications will be managed in accordance with established council

procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate redundancies, such as flexible working, early retirement and finding suitable alternative employment for at risk staff. Where consideration is being given to the transfer of services to another provider TUPE will apply, which will protect the terms and conditions of employment of transferring staff.

Risk Management

111 Attached at Annex 8 is a schedule of risks connected to the budget; these will be monitored regularly throughout the year.

Legal

112 The Council is required to set a Council Tax for 2011/12 before 11 March 2011. It may not be set before all major precepts have been issued or before 1 March 2011, whichever is the earlier. This decision is reserved to Council and cannot be taken by the Executive or delegated to officers, although the Executive has to recommend a budget to the Council. These comments are intended to apply to both the Executive meeting and the subsequent Council meeting. Before setting the level of the tax, the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies and any amounts required to be transferred between funds. The tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.

113 In addition, following the implementation of the Local Government Act 2003, the Council's Chief Financial Officer (under s151 Local Government Act 1972) is required to report to the Council on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Council must have regard to the report when making decisions about the calculations in connection with which it is made. The Chief Financial Officer is also obliged to report to the Council if in relation to the previous financial year it appears that a controlled reserve is or is likely to be inadequate. A controlled reserve is one where the Secretary of State has, by regulation, defined the appropriate minimum level of reserve. The s151 officer must report the reasons for that situation, and the action, if any, which he considers it would be appropriate to take to prevent such a situation arising in relation to the corresponding reserve for the financial year under consideration. No Regulations defining controlled reserves have been made.

114 In reaching decisions on these matters, Members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users

against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage. Members must also act prudently. A failure to follow these principles would open the Council to judicial review.

115 Members have a fiduciary duty to the council tax payers and others in the local authority's area. This means that members must behave responsibly in agreeing the budget. Members have no authority to make anything other than a balanced budget.

116 Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.

117 In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the Director of Customer and Business Support Services as Chief Financial Officer. Members are obliged under the Code of Conduct to have regard to the advice of the Chief Finance Officer and Monitoring Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities. In addition, if Members wish to re-instate savings recommended by the Director of Customer and Business Support Services in order to balance the budget, they must find equivalent savings elsewhere.

118 The Director of Customer and Business Support Services is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 (as amended) to ensure that the council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. He is in addition subject to the requirements set out in paragraph 113 above.

119 Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified in the Local Government and Housing Act 1989. The law in relation to the council's borrowing has been changed by the Local Government Act 2003. The previous regime of capital controls was abolished and the Council is now required to set prudential indicators in line with capital investment plans that are prudent, affordable and sustainable.

120 In setting the council tax for the next financial year and in agreeing the council's budgetary requirements, the Council also needs to take into account the fact that the Government still has power to cap local authority budgets under the Local Government Act 1999. The government may either set a maximum

amount for the budget in the forthcoming year or put an authority on notice to set a maximum budget in the next financial year. If the government proposes to cap the council, the council will be given a short period to put its case. If the cap is then confirmed in the current year, this could require the authority to revisit its budget decisions and would be likely to require rebilling of council tax.

121 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. If an Executive member has arrears outstanding for two months or more, they are prevented from taking any part in such a decision. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

122 The importance of setting a balanced budget cannot be over emphasised. Members have a duty to consider this seriously and to endeavour to reach a decision which, if not in accordance with the advice of the s151 officer has at the very least taken his advice conscientiously into account. Members are also required to act reasonably and this duty extends to their conduct in the meeting agreeing the Budget. Members should endeavour to agree a balanced budget and the level of council tax. The immediate consequence of the Council being unable to set a balanced budget would be that the council tax could not be set. The Chief Financial Officer has a statutory duty under section 114 of the Local Government Finance Act 1988 to issue a written report if he considers that a decision taken by the Council would be unlawful and likely to cause a financial deficiency. If the Council could not set a balanced budget by the statutory deadline then a report under section 114 would have to be issued. This would then act to prevent the Council entering any new agreements which may involve the incurring of expenditure until such time as the Council had met to consider the report.

Crime and Disorder

123 None other than as identified in the growth and savings proposals in this report.

Information Technology (IT)

124 None other than as identified in the growth and savings proposals in this report.

Property

125 None in this report.

Statutory Advice From the Director of Customer and Business Support Services/Comments

126 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 this 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 (both 2011/12 and beyond), reserves and general robustness of the process

127 The proposals in this budget give a balanced budget for 2011/12 and give consideration to the financial years 2012/13 to 2016/17. The council has taken many steps to try to put itself on a firmer long-term financial position, with longer term planning and improved budget monitoring. Full scrutiny of the budget proposals for 2011/12 has taken place and I believe that a proper risk assessment of a range of issues has been conducted.

128 There are significant savings contained within the budget proposals, reflecting the scale of the challenge facing the council. There should be no understatement of the scale of this challenge, both in terms of next year and beyond. Clearly, there are risks in the achievement of some of the proposed savings, and in assessing the risk of savings proposed, I cannot guarantee that every single proposal will be achieved. I do however consider the overall package to be prudent, and I am assured of the robustness of the projected savings, and the extent of rigour in their calculation. They do however represent a major challenge to deliver, one that will only be achieved through full commitment across the organisation. Very careful monitoring of the progress of the savings programme will be essential. A risk assessment related to the individual savings proposals has been conducted, and discussed with senior management.

129 I consider that the overall estimates in the budget are sound and that the proposals to achieve a balanced budget are achievable, albeit demanding. The council has made provision for a number of corporate financial pressures, such as impact of capital programme, landfill tax, pay and pensions implications. This overall package is a realistic approach in dealing with the financial pressures facing the council next year. In addition the major financial pressures being experienced during 2010/11 have been addressed through significant additional investment. There is an area of risk in that no provision is included in the budget for any pay award in 2011/12, and clearly if there was to be a pay award the council would need to address this issue. There are no proposals that significantly affect terms and conditions of staff, for whilst such negotiations are ongoing it is not considered proper or prudent to include such proposals prior to full discussion/consultations being undertaken.

130 Looking ahead there remains a range of very significant pressures for the future. The Spending Review set out planned further reductions in government funding, and the major challenge facing the council in coming years will be to

secure further savings and for cost pressures to be managed effectively. In doing so, the council will also need to provide capacity for additional investment in unavoidable costs and priorities.

131 Key to tackling these medium term challenges will be the need for the council to continue to review all areas of expenditure, and have clear medium term plans. In addition to continuing to find efficiencies, the council will need to consider the level and type of service it provides, as the scale of financial savings required in future years can not be met from true efficiency alone. There is likely to be a need for reductions in the scope and level of services provided by all public sector organisations in coming years, and this needs to continue to be planned for at an early stage. Meeting the financial challenges facing the council in coming years will require the council to think very carefully about its core priorities, how it works with its partners and key stakeholders, and its overall provision of public services.

132 In terms of reserves, there are no proposals contained within this report that use reserves. It is particularly important that there is continual review of reserves. The scale of pressures on the 2010/11 budget are placing a potential further call on reserves, though overall I believe that the council will come in on budget for 2010/11 and this is reflected in the budget monitoring report presented to Executive at this same Executive meeting. There remains a risk that I may need to advise Members of the need to consider increasing reserves at some point in the medium term dependent upon risks. The current recommended minimum reserves are £6,095k and assuming the current budget is achieved on budget, the estimated level of reserves at end of March is £6,752k. I strongly advise Council not to reduce levels of reserves below the minimum level, and consider that having some “headroom” in the minimum reserves would be advantageous.

133 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. In considering the overall budget position, I have taken assurance over the recent track record of the council to manage expenditure within budget, and the fact that in very recent times financial pressures have been identified early in the financial year and through concerted action across the council the position has been brought in line with budget. The council’s strong financial management, and financial control, has been commented upon by external auditors recently.

134 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 based on budget growth and council tax increases. The government have set aside money to fund councils who set a zero council tax increase a sum equivalent to a 2.5% increase, but the budget growth capping criteria is still a threat. They do not publish the criteria they will use until after we will have set our budget.

135 Based upon the receipt of the council tax freeze grant I would advise that Members should be setting a nil council tax increase due to the financial benefits of this in relation to the Council Tax Freeze Grant. In reaching their final decision Members need to consider that if the council were capped it would bring with it reputational damage and potential costs of re-billing which are estimated at £170k.

136 I also would highlight the separate capital programme report, and the issues that are set out within that. In particular, the capital plan has some significant implications in terms of the revenue budget in coming years, and both programmes will need to be carefully managed in terms of ensuring proper provision is made in the medium term. I would stress however that the overall balance in terms of capital investment, levels of borrowing, and revenue implications (and the impact on revenue expenditure) is something that is for Members to determine.

137 I am aware that as with all budgets there is the potential for amendments to be proposed/agreed which could change the overall package of proposals. In that respect, I would highlight that I would amend/add to my statement if a decision was proposed that lead to the council's reserves falling below the minimum level (assuming the current budget comes in line with budget). In addition, any other amendments I would consider against the scale of the overall budget and depending upon the extent of the amendment I may revise my statement. It goes without saying that amendments that may reduce contingencies, or which set further savings targets, will inevitably add to the overall risk. That is not to say that such amendments would cause me to amend my statement as I would only do this if I considered the change in risk was significant.

Recommendations

138 Members are asked to consider the appropriate levels of council tax that they wish to see levied by the City of York Council for 2011/12. In doing so they should pay due regard to factors such as:

a expenditure pressures facing the council in 2011/12 as detailed at Annex 1, including the loss of departmental grant income;

b the impacts in 2011/12 of the growth requirements and savings proposals outlined in Annexes 3 and 4;

c medium term financial factors facing the council as outlined in the report;

d the levels of reserves projected to be held at the 31 March 2011, 2012, 2013, 2014, 2015, 2016 and 2017 (Annex 5);

e significant future pressures identified;

f the statutory advice from the Director of Customer and Business Support Services;

g the need to ensure that any adjustments to these proposals are self-balancing within the requirements laid down by the Director of Customer and Business Support Services as the council's responsible financial officer.

139 In light of these considerations Members are asked to recommend to Council approval of the budget proposals as outlined in this report, and set out in detail within the financial strategy. In particular:

a the net revenue expenditure requirement for 2011/12 of £125,728k (£123,900k after deducting the grant assistance to keep the council tax rise to zero), as set out in Annex 1;

b the housing revenue account proposals outlined in Annex 6;

c the dedicated schools grant proposals outlined in the report;

d the revenue growth proposals of £9,394k on-going for 2011/12, plus one-off growth of £442k, outlined in Annex 3;

e the revenue savings proposals of £21,170k for 2011/12 outlined in Annex 4;

f use of prior year collection fund surplus of £1,000k;

g Note the medium term financial strategy projections that indicate the need for savings/efficiencies in future years of £12m per annum.

140 The effect of approving the income and expenditure proposals included in the recommendations would result in a £zero (0%) increase in the City of York element of the council tax. 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 24 February 2011.

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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
3rd Finance and Performance monitoring report - Executive
Executive Member Decision Session reports and minutes February 2011
Government Grant settlement papers
Equality Impact Assessment
Consultation Results

Annexes
1 Summary of Budget
2 Directorate Analysis of Budget Proposals
3 Growth and Reprioritisation
4 Saving Proposals
5 Estimated Reserve Balances
6 Housing Revenue Account budget report
7 DSG and the Schools Budget
8 Risk Assessment and Sensitivity Analysis

Appendix
Financial Strategy

Annex 1

Summary of Budget

	2011/12 £'000
Net Expenditure Budget Brought Forward	117,881.5
Removal of one-off funding for non-rec exp. from Reserves/Balances	-544.0
Removal of one-off funding for non-rec exp. from Coll Fund surplus	-288.0
Starting Net Expenditure requirement	**117,049.5**
Direct Grants and ABG transferred into RSG	14,403.9
Adjusted Starting Net Expenditure requirement	**131,453.4**
Corporate Expenditure Pressures	
Increments	1,787.0
P&G Appeals	208.0
Increase in National Insurance rate	450.0
Increase in Superannuation contribution rate	1,500.0
Treasury Management interest earned	1,131.0
Waste PFI	255.0
Landfill Tax	440.0
LATS penalties	55.0
Reduced Yorwaste Dividend	230.0
New capital schemes	129.0
Contingency	400.0
Additional Budget Pressures Identified	
Departmental Loss of Specific Government Grants	5,729.0
Departmental Recurring	2,809.0
Departmental and Treasury Management Non-recurring	442.0
Total Expenditure Pressures	**15,565.0**
Reduced Costs and Additional Income	
Departmental Savings Taken	**-21,170.0**
Lead Local Flood Authorities	-120.0
Total Expenditure Reductions	**-21,290.0**
Projected Budget Requirement	**125,728.4**
Grant Assistance to keep council tax at 0%	-1,828.2
Revised Projected Budget Requirement	**123,900.2**

Annex 1

Summary of Budget

	2011/12 £'000
FUNDING	
Existing Funding	-117,881.5
Removal of one-off funding for non-rec exp. from Reserves/Balances	832.0
Starting Funding	**-117,049.5**
Funding Changes	
Variation in Revenue Support Grant	-5,197.6
Use of Reserves	-
In-year Collection Fund surplus (-) or deficit (+)	-1,000.0
Increased Council Tax from assumed 0.00% rate (1% in 11/12 and 12/13)	-
Increased Council Tax from increased base at new rate	-653.1
Total ~Funding Changes	**-6,850.7**
Revised Funding	**-123,900.2**

Directorate Analysis of Budget

	Base Budget 2011/12	Grant Transfer into RSG	Directorate Grant Withdrawn	Priority Investment	Directorate Growth Recurring	Directorate Growth One-off	Directorate Savings	Final Budget 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Directorate								
Adults, Children and Education	69,912	12,000	5,729	958	1,449	0	-11,430	78,618
City Strategy	7,606	1,872	0	410	760	0	-1,978	8,670
Communities and Neighbourhood Services	39,925	532	0	1,309	0	202	-4,219	37,749
Customer and Business Support Services	5,382	0	0	262	0	240	-1,528	4,356
Office of the Chief Executive	3,413	0	0	36	600	0	-650	3,399
	126,238	14,404	5,729	2,975	2,809	442	-19,805	132,792
Corporate Budgets								
Treasury Management	11,268	0	0	1,245	0	0	0	12,513
Other Corporate Budgets	-16,622	0	0	1,950	0	0	-800	-15,472
Contingency	565	0	0	400	0	0	-565	400
Corporate Efficiency Savings to be distributed	-4,399	0	0	0	0	0	0	-4,399
	-9,188	0	0	3,595	0	0	-1,365	-6,958
TOTAL BUDGET	**117,050**	**14,404**	**5,729**	**6,570**	**2,809**	**442**	**-21,170**	**125,834**

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Detailed Growth and Reprioritisation - Summary

	2011/12	
	Recurring	One-off
	£'000	£'000
Directorate		
Adult, Children and Education Services	1,449	0
City Strategy	760	0
Communities and Neighbourhood Services	0	202
Customer and Business Support Services	0	240
Office of the Chief Executive	600	0
Corporate	6,585	0
General Fund Impact	**9,394**	**442**

Non-General Fund		
Dedicated Schools Grant	790	0

Detailed Growth and Reprioritisation

Adult, Children and Education Services

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
ACEG06	**Increased Demand - Complex Needs** An additonal 10 clients with high dependency complex needs will require support in 2011/12. Three schemes are being developed which will provide long term solutions for individuals and support the agenda of moving away from residential care to more personalised outcomes of care based in the community, which put the individual at the heart of the care planning and management process.	355		This development will create new employment opportunities within the care sector.	Provides specific support to high dependency customers.	The needs of the individuals have been considered in the development of this proposal.
ACEG07	**Direct Payments and Demographic Increases in the Adult Care Population** This £900k proposal reflects the current level of unbudgeted take up of Direct Payments being experienced in 2010/11, and will allow the Council to continue to meet its statutory responsibilities in this area. In addition the Council is expecting to be able to access, in conjunction with the PCT, £2m of additional government funding in 2011/12. The expectation is that this funding will be used on a partnership basis to manage the additional costs of projected demographic increases in the adult care population in the city.	900		None	Allows the council to continue to deliver support to social care customers.	None
ACEG08	**Mayfield Court Supported Living** Supported living scheme to provide support for 21 clients. The alternative costs of supporting these individuals through existing support mechanisms is estimated at an additional £330k pa. Therefore a net saving of £136k pa can be made against this projected additional expenditure.	194		This development will create new employment opportunities within the care sector.	Provides specific targeted support to this customer group	The needs of the individuals have been considered in the development of this proposal.
	Total	**1,449**	**0**			

City Strategy

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CSTG02	**Housing & Planning Delivery Grant** The council budgeted for £145k support from this grant. The withdrawal of the grant in 2010/11 means that this income support is no longer available.	145		None	None	None
CSTG03	**Income Pressure - Commercial Portfolio** The income budget for the Councils Commercial portfolio is currently significantly higher than actual income primarily due to an unachievable saving proposed in 2009/10 budget in relation to an estimated wayleave at Harewood Whin that did not progress.	170		None	None	None
CSTG06	**Parking Income Service Pressure** The council has suffered shortfalls in parking income over the past few years and there is no indication of any reverse. The current base deficit is £275k.	275		None	None	None
CSTG08	**Flood and Water Management Act (2010)** The Flood and Water Management Act has placed additional duties on Local Authorities to manage flood risk. The responsibilities include the need to prepare a Local Flood Risk Management Strategy, the requirement to prepare flood risk maps, the need to investigate all reported flooding and identify solutions for remedy and the need to create and maintain a register of all drainage assets. The cost reflects two fte posts and is funded by new Government grant.	85		Two posts will be created within the drainage section in Integrated Strategy Section.	The council will be more proactive regarding flooding issues including investigating reported flooding and identifying solutions.	None
CSTG11	**Key Account Management** The council agreed to bring Key Account Management in house following the withdrawal of Yorkshire Forward support to York-england.com. This growth represents the full year impact of undertaking the current level of support	35		The growth supports the 2 fte within the York Enterprise service.	Opportunity for businesses to come to one point of contact re dealing with the council.	None

CSTG12	**Future Prospects** The downturn in external funding within Future Prospects means that it is necessary to increase council contribution in order to maintain current level of services. Without additional investment the service would need to reduce significantly its core activities.	50		Will maintain staffing levels as external income reduces.	Will maintain front line services with customer.	Future Prospects offers a free of charge service to all but often deals with vulnerable citizens, (eg unemployed, benefits, looking for careers advice etc)
	Total	**760**	**0**			

Communities and Neighbourhood Services

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CORPN02c **One-off**	One-off growth agreed during 2008/09 budgets for Ward Committees - final year		202	No impact	No impact	No impact expected
	Total	**0**	**202**			

Customer and Business Support Services

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CBSN01a **One-off**	**2011 Local Election** This will cover the projected costs of the City and Parish Council elections to be held on the 5th May 2011. There are 22 Wards and 36 Parish Councils who have vacancies to fill. The budget will be used to fund the cost of postal votes, the hire of polling stations, advertisement of public notices, design and print of ballot papers. The staffing costs for the count and polling stations have also been included.		240	Additional resources are required to undertake work on the local election as per usual practice.	None	None
	Total	**0**	**240**			

Annex 3

Office of the Chief Executive

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CORS01f	**FYE M4Y 2010/11** This is the ongoing use of £600k savings generated from More for York in 2011/12 to fund the More for York programme team within OCE; as agreed by the Executive on 2nd November 2010.	600				
	Total	**600**	**0**			

Corporate Budgets

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
ACEG0X	Adults, Children & Education Increments	750				
ACEG0Z	Adults, Children & Education P&G Appeals	208				
CANG0X	Communities & Neighbourhoods Increments	559				
CBSG0X	Customer & Business Support Services Increments	262				
CSTG0X	City Strategy P&G Increments	180				
OCEG0X	Office of the Chief Executive Increments	36				
CORG01	National Insurance Increase	450				
CORG02	Pension Fund Contribution	1,500				
CORG03	Treasury Management - Interest Earned	1,131				
CORG04	Additional Contingency	400				
CORG05	**Waste Contingency** This is required to build budget capacity for Waste PFI	255				
CORG06	**Landfill Tax** The Government has confirmed that LT will increase by £8 per tonne from April 2011. This projection is based on 56,000 tonnes per year and assumes that the PFI project will deliver during 2014/15, with the financial benefit being felt from 2015/16 onwards.	440				

CORG07	**LATS Penalties** The 2011/12 Landfill Allowance of 34,420 tonnes is expected to be exceeded by approx 3,880 tonnes and at £150 per tonne the cost of penalties would therefore be £582k. However, it is possible to purchase unused allowances from other authorities and the latest indication is that allowances can be purchased for £50 per tonne which, along with a small unused balance brought forward from the current year, reduces the liability to £182k. As 2012/13 is a target year, allowances can not be carried or brought forward to offset this liability.	55	
CORG08	**Reduced Yorwaste Dividend** The dividend profile anticipated from Yorwaste shows a marked downturn on the level required to meet the budget. The budgeted level is £430k whilst the anticipated dividend is likely to be £200k	230	
CORG09	**Funding for New Capital Schemes** as per officer capital programme recommendations.	129	
	Total	**6,585**	**0**

DSG

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000
	Increments	89	
	Loss of specific grants and other directorate funding pressures This represents the additional pressure on budgets from the withdrawal or reduction of a number of specific grants or other funding streams. Additional savings proposals have been developed to mitigate the impact of these grant reductions and are included in the savings at Annex 4.	701	
	Total	**790**	**0**

Staffing Impact	Customer Impact	Equalities Impact

Detailed Savings Proposals - Summary

Savings Summary	2011/12	
	Recurring	One-off
	£'000	£'000
Directorate		
Adult, Children and Education Services	-11,430	0
City Strategy	-1,978	0
Communities and Neighbourhood Services	-4,159	-60
Customer and Business Support Services	-1,528	0
Office of the Chief Executive	-650	0
Corporate	-1,365	0
General Fund Impact	**-21,110**	**-60**

Non-General Fund		
Dedicated Schools Grant	-161	0

Detailed Savings Proposals

Adult, Children and Education Services

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
ACES01	**Review Of Elderly Persons Homes** Unit costs are currently high; between £160 and £500 per week more than equivalent private sector provision. The saving involves reviewing the staffing allocation and use across the EPHs and adjusting the levels and patterns accordingly to reduce the unit cost of care provision. Any changes will be managed through natural staff turnover and by removing the use of overtime and agency staff unless for specific business cases by approved exception. Estimated saving £480k. In addition we will work with partners to review our Elderly Persons Homes in line with our Older People's Commissioning Strategy and consistent with the views of older people. Estimated saving £270k.	-750		Staff turnover may be insufficient to realise the full savings, in which case staff reductions could be necessary to realise the full savings.	The quality of provision would be at least maintained.	Care would be taken to assess the impact of any recommendations on vulnerable groups.
ACES03	**Care Services (Day)** This proposal reviews the in-house provision of Care Services (Day domicilary care) to adult customers and considers other provider options, including expanding our current use of the independent sector.	-274		If the review results in a change to how services are provided then there could be potential implications for staff e.g. around TUPE. 75 staff provide the service.	Potential change of provider for customers	None
ACES04	**Home Support Services** Explore whether the use of private or voluntary sector could be made to provide Home Support services.	-225		As for ACES03. 22 staff provide the service	Potential new provider arrangements	Care would be taken to assess the impact of any recommendations on vulnerable groups.
ACES22	**Locality Teams Review** Efficiency saving made by system improvements.	-2		Minimal	None	None

ACES23	**Non Residential Charging Policy** Implement a revised policy in line with the government guidance. This would move towards a system whereby contributions more accurately reflect the level of services being received, whilst remaining affordable for individual customers. Fairer Contributions Guidance sets out how the chargeable amount of a personal budget might be calculated. It does not propose any changes to the financial assessment process, but does require changes to how the cost of the service is calculated. In future services will be costed on a more accurate reflection of the true cost of the services as provided within their agreed support plan. Consequently this will remove hidden subsidies from some services, such as day care and transport.	-350		None	Some customers will be required to pay more towards the costs of their care, but this should not be beyond what is deemed affordable and would be more transparent.	Care would be taken to assess the impact of any recommendations on vulnerable groups.
ACES24	**Sheltered Housing Extra Care Support** This proposal reviews the in-house provision of domiciliary care that is provided to Sheltered Housing with Extra Care Schemes (SHEC) for adult customers. It compares the current service costs to the expected costs if the same service was purchased from the private sector.	-168		As for ACES03. 50 staff provide the service	Potential change of provider for customers	Care would be taken to assess the impact of any recommendations on vulnerable groups.
ACES25	**Learning Disability Provider Services** A restructure of the management arrangements for LD provider services including Yorkcraft and Greenworks	-136		Removal of 3.0 fte posts	None	None
ACES26	**Active Health** Administration and monitoring of attendance at work no longer to be managed by Active Health.	-25		None	None	None
ACES27	**EPH Meals & Procurement.** New tenders for purchasing items resulting in reduced price paid for some goods & services.	-34		None	None	None
ACES28	**Care Services (Night)** This proposal reviews the in-house provision of Care Services (Night domicilary care) to adult customers. It compares the current service costs to the expected costs if the same service was purchased from the private sector.	-100		As for ACES03.	Potential change of provider for customers	Care would be taken to assess the impact of any recommendations on vulnerable groups.

ACES37	**Warden Call** Efficiencies in several smaller running cost budgets, £15k saving built in for equipment on the assumption that digital upgrade work done and telecare expenditure should reduce future need.	-30		None	None	None
ACES38	**Yorkcraft** Operating costs efficiency savings and additional income.	-38		None	None	None
ACES44	**Adult Commissioning & Contracts Administrative Support** Review admin support to commissioning teams in light of new IT systems for contracts and finance.	-8		Potential removal of equivalent of 0.5 fte post	None	None
ACES46	**Adult Contracted Services** Further discussions will be held with providers to determine the most appropriate way of implementing a targeted withdrawal of funding	-57		None	This includes our our voluntary sector contracts which offer a preventative service, however we are proposing to offer protection to those services which support carers, and those living with dementia. Those services affected who provide direct support to customers will be subject to a 3% reduction on current levels.	Services provide support to vulnerable groups and so it is not possible to avoid an impact on vulnerable groups. Wherever possible we will work with providers to minimise this impact
ACES51	**Adults Services Transport** Adult Services efficiency saving to be generated from the current review of Transport Provision.	-20		None	None	None
ACES57	**Community Equipment Store** Minor efficiencies in several running cost budgets.	-5		None	None	None
ACES58	**Health & Disability Assessment** Reduction in community facilitators time.	-5		None	Minimal	Care would be taken to assess the impact of any recommendations on vulnerable groups.

ACES59	**Occupational Therapy** The deletion of a vacant OT post due to the succesful remodelling of the service throughputs. A new streamlined assessment process through using a more efficient clinic model which diminishes the number of home visits required allows a reduction in staffing without compromising service delivery.	-21		Removal of 1 fte post	None	None
ACES60	**Respite Care** A small reduction in the amount of respite care that will be available to customers. This will reduce the overall available bed days by less than 3%.	-5		None	Small impact on the overall respite care availability to customers.	Individuals will not be affected as if respite care is needed it will be provided.
ACES61	**Emergency Duty Team** A reduced contribution to the joint service delivered by NYCC. The reduction reflects a reassessment of the level of demand being put on the service by CYC adults and children's services.	-20		None	None	None
ACES102	**Preserved Rights** Expenditure relates to a cohort of residential and nursing customers as at 31/3/1993 whose rights to Income Support at a particular level were preserved when responsibility for them transferred to Local Authorities in April 2002. Diminishing client numbers allow a saving to be made.	-180		None	None	None
ACES103	**Social Care Reform** The 3 year grant to assist authorities in transforming adult social care was assumed to be ending in 2010/11 and the project plan therefore ensured most spend was to cease in March 2011. We therefore have sufficient resources required to deliver the improvements in delivery that were planned.	-495		None	None	None
ACES104	**Learning Disability Campus Closure** Previously supported from transitional funding given to authorities to assist Learning Disability customers in campus accommodation as at April 2001 transfer into the community. The cost of supporting these customers has been absorbed within existing budgets as the customer numbers have reduced.	-447		None	None	None

ACES105	**Stroke Strategy** Planned reduction in expenditure designed to improve the delivery of care and support services for stroke survivors and their carers.	-59		None	Minimal	Care would be taken to assess the impact of any recommendations on vulnerable groups.
ACES106	**Carers Grant** Due to a carry forward from the previous year, the existing budget exceeds planned provision by the service for 2011/12, hence the excess has been given up as a saving.	-59		None	None	None
ACES107	**Mental Capacity Act & Independent Mental Capacity** Expenditure incurred to implement the above act has been well below the allocation as demand for the service has been less than anticipated.	-30		None	None	None
ACES108	**Mental Health Grant** Remove AMPH post from June 2011. The more efficient distribution of workloads across the teams will ensure sufficient capacity is still available to deliver the service.	-38		Removal of 1 fte post	None	None
ACES109	**Expansion of Re-ablement Services.** The success of such schemes is well documented and gives significant help to customers to enable them to better manage their lives therefore reducing the call on more expensive care packages. The Executive agreed to market testing the service with a view to double the capacity in a new re-ablement service model.	-268		If the Executive confirms a change to how services are provided then there could be potential implications for staff e.g. around TUPE.	None	Care would be taken to assess the impact of any recommendations on vulnerable groups.
ACES110	**Adult Social Care Workforce Training** More efficient commissioning of mandatory and other training in a single ACE workforce development team.	-50		None	None	None
ACES111	**AD Adult Services Commissioning** Combined responsibilities for adults and chlidrens social care commissioning to remove one post.	-50		Removal of 1 fte post	None	None
ACES112	**22 The Avenue / Sycamore House** Review of mental health provder budgets by PCT who manage these services on behalf of the Council.	-23		None	None	Care would be taken to assess the impact of any recommendations on vulnerable groups.

ACES113	**Supporting People Administration Saving** The continuation of the saving being delivered in 2010/11 following the in year reduction of the SP Admin Grant.	-182		None	None	None
ACES114	**Supporting People Grant Reduction** Planned series of service reviews underway which will rationalise and create efficiencies in the overall programme. The programme will need to make 10% savings next year, and discusions are underway with providers to identify where efficiencies can be brought forward earlier than planned in the regular service review programme. This will include retendering some services, and combining some contracts to deliver similar services in a joined up way in future.	-739		None	Customers may experience a change in provider or service delivery approach.	Services provide support to vulnerable groups and so it is not possible to avoid an impact on vulnerable groups. Wherever possible we will work with providers to minimise this impact
ACES115	**Learning Disability Development Fund** The current commitments of the Development Fund can be met from previous year's underspends which have been carried forward so a proportion of the ongoing budget has been offered as a saving.	-63		None	None	New intiaitives will be limited. This will impact on people with a learning disablity but will not reduce the support available currently
ACES116	**Local Involvement Networks** A reduction in contract value to the host organisation of 10%.	-11		None	None	None
ACES117	**Adult Services Support Services Manager** Reduction in Senior Management posts through a merger of support functions in ACE.	-35		Removal of 1 fte post	None	None
	Offset balance of 2010/11 savings not yet delivered, included in above proposals	550				
	Offset provision for staff severance costs	180				
ACES06	**The Glen (Respite Centre) - Sale of Bed Place** Opportunity to sell 1 block bed for 52 weeks @ £2,500 to support 4/5 young people from NYCC or elsewhere.	-130		None	None	None
ACES08	**Wenlock Terrace Children’s Home - Sale of Bed Place** Option to sell 1 spot or block purchase to another LA @ £2,400pw.	-65		None	None	None

ACES10	**Educational Welfare Service** Remodel the provision to deliver a more targeted service as part of the new Advice and Early Intervention Service and building on the Broker approach.	-70		Removal of up to 3 fte posts	Remodelling of service seeks to minimise any loss of capacity and improve the overall service delivery arrangements.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES12	**A Review Of Young People's Services** The Council will need to undertake a full review of existing Young People's Services in order to adapt to reduced funding and in accordance with the Governement's policy to target youth-related activities on the most vulnerable. This is likely to include a particular focus on management and administration costs, and universal services.In addition we will also seek to ensure that opportunities to encourage other providers from the voluntary and community sector to access youth service buildings is fully explored. In so doing new capacity will be brought to enhance any LA service reduction.	-200		Removal of 15 fte posts	Depending on the outcome of the review, some young people might see the reduction of council-run activities. Where possible they would be signposted towards alternative activities run by the community and voluntary sector.	Care will be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES13	**Review Of Information Advice & Guidance** A review of the Connexions service to take account of a reduced budget and emerging national policy changes. Proposals will be brought forward to reduce management costs and reconfigure posts to offer a more targetted service to young people tailored to their needs and those of schools.	-205		Removal of 9 fte posts (incl 6 from Careers and Intensive Personal Advisers)	Fewer connexions advisers will inevitably mean fewer interventions with young people.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES14	**Early Years & Children's Centres Review**. A number of lower impact savings have already been identified totalling £719k and involving the removal of vacant posts, significantly reducing the graduate leader fund and other general efficiencies. A further £350k wiil be delivered following a review of provision and services offered in children's centres to ensure that they are focussed on the most vulnerable. In practice and to achieve savings it may be necessary to withdraw some universal services and to offer more targeted services.	-1,052		Removal of approx 11 fte posts	Reduced level of universal services provided.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.

ACES15	**School Improvement Service Restructure** Restructure of school improvement service to reflect revised role of LA as described in White paper, revised Ofsted framework and following cessation of grants. Reductions in centralised grants to support school improvement to be matched by sector led school to school improvement opportunities	-1,247		Removal of 8-12 fte posts	Streamlined team will be less involved over time in direct school improvement. Therefore careful planning through transitional period is crucial as school supporting school method is developed.	None
ACES16	**Early Years & Extended Services Management** Review the potential overlaps/economies of scale arising from the integration of the School Improvement Team, Early Years and Extended Services Units.	-118		Removal of 2 fte posts	None	none
ACES17	**Home to School Transport Savings** A general efficiency programme involving the renegotiation of existing bus and taxi contracts.	-49			None	None
ACES19	**Former LCCS/HASS Support Functions** Reduction in adminstrative staffing through the merger of support services in Mill House and George Hudson Street offices.	-42		Removal of 2 fte posts	None	None
ACES20	**ICT Staffing Reduction**	-28		Removal of 1 fte post	None	None
ACES21	**MIS Staffing Reduction** Reduction in administrative and support posts.	-23		Removal of 2 fte posts	None	None
ACES30	**Children's Social Care Administration** A comprehensive review of admin requirements to produce a new streamlined service to support the new childrens social care structure	-82		Removal of up to 6 fte posts	None	None
ACES32	**Independent Foster Agency Placements** A net reduction in costs from increasing the number of local foster carers and therefore reducing the need for more expensive external IFA placements. Proposed saving is net of new post costing £37k	-195		Creation of 1 fte post.	Greater opportunity to place locally children who need to be looked after.	None
ACES33	**Wenlock Terrace Staffing** A review of the staffing structure at Wenlock has identified an efficiency.	-9		Removal of 1 fte post	None	None
ACES40	**Local Safeguarding Children's Board** Small reduction in the CYC grant to the Local Safeguarding Children Board.	-4		None	None	None

ACES41	**Targeted Mental Health In Schools** Cease project to support schools in the delivery of early intervention programmes to promote emotional resilience and support the metal health of children in schools.	-197		None	Ceassation of project will limit the opportunity for further development of this project which provides early support to vulnerable children in schools.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES42	**Extended Services Start Up Funding.** This currently funds capacity to deliver the Extended Services agenda. Currently supporting some management costs and Parent Support Adviser posts. Discussions will be undertaken with schools over whether they wish to buyback some or all of these posts.	-214		Possible removal of 3 fte posts if proposed buyback not successful	Significant reduction in support for vulnerable families.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES43	**Early Years Management Post** Deletion of the Early Years and Childcare Manager post following the planned retirement of the current post holder, with the merger of management arrangements	-35		Removal of 1 fte post	None	None
ACES48	**Training & Development Unit Restructure** Implement proposals to bring about a unified and more strategically focussed Workforce Development Unit serving the whole of the Adults, Children and Education Directorate.	-135		Removal of 4 fte posts	None	None
ACES49	**Youth Offending Team Proposals** A review is under way to enable options and proposals to be put to the YOT Board in order to manage these budget reductions in a way that minimises the impact on customers.	-109		Removal of 4 fte posts	The impact will be assessed further when the review is complete, ensuring that the Council continues to fulfil its statutory obligations.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES50	**Planning & Resources and Access Team Merger** Merger of these two teams under one manager. Further savings from the removal of some existing project management capacity in response to the expected reduction in the schools capital programme.	-116		Removal of 3 fte posts	None	None

ACES52	**Finance Services - School Cash Flow Interest** Additional income from school cash flow interest charges.	-34		None	None	None
ACES53	**Governance Service** Increased income from charges to schools for Governance Service Support.	-5		None	None	None
ACES54	**ICT Services** Efficiency Savings from the new Broadband contract plus additional income from Schools.	-18		None	None	None
ACES55	**MIS Increased Income From Schools** An increase in the charges made to schools to cover the expected loss of standards fund grant currently supporting MIS service.	-27		None	None	None
ACES63	**Staying Put 18+ Project Reduction** Established as an initiative to ensure continued stability in lives of young people as they reach the end of their life in care. The programme is sufficiently well embedded to achieve a budget reduction without significant impact on outcomes, as the remaining budget will allow service to continue following one-off set-up costs	-97		Removal of 0.5 fte post	Minimal	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES64	**Short Breaks For Disabled Children** The overall development programme in York has progressed well. It is now possible to achieve a saving in this area without a reduction in the overall the numbers of children and young people receiving short breaks. The remaining ongoing funding in this area will be used to sustain and develop community based short break activities, contract care sharing carers and referral coordination.	-234		None	The reduction in this grant will limit the capacity to extend further the number of short break activities available to support disabled children and young people.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES65	**Child Trust Funds** Reduction in spend on Child Trust Funds following changes in entitlement introduced by new government.	-3		None	None	None

ACES66	**Remove Aiming High Transition Funding** Funding to support the agenda for change in relation to the transition pathways for children with complex needs. Much of this work is now mainstreamed – with additional capacity retained to support the ongoing developments through sector specialists and regional project support.	-50		None	Minimal	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES67	**Out of Authority Placements** Reduction in the budget for Out of Authority places based on the latest projected profile.	-100		None	None	None
ACES68	**Review of Children's Home Staff Rotas** Review of the staff rota at The Glen and Wenlock Terrace to achieve more efficient deployment of staff across the service	-24		None	Minimal	None
ACES69	**Section 17** Reduction in Section 17 spend available to support vulnerable families across the City. Current spending patterns suggest this can be achieved without significant impact.	-25		None	Minimal	None
ACES70	**Children's Social Care Efficiencies** General efficiencies across the Service.	-26		None	None	None
ACES72	**School Staff Severance Costs** Revised school finance regulations now allow some school staff severance costs to be charged to the Schools Budget (DSG). It is difficult to estimate precisely what level of costs could be saved from the existing GF budget as it will depend on the individual circumstances of each case. However based on previous years, it should be reasonable to assume that 50% of the existing budget could be transfered to the DSG and generate an equivalent GF saving.	-195		None	None	None

ACES73	**KS4 Engagement Programme** This programme provides personalised Foundation Learning opportunities for vulnerable young people aged 14-16 years. We will now need to adopt a more targetted approach.	-67		None	Cessation/reduction of activity risks more vulnerable young people becoming disengaged and not attending, plus increased risk of exclusion from school and greater likelihood of becoming NEET at age 16yrs.	This service has targeted the vulnerable young people and all efforts will be made to ensure that the most vulnerable are supported via other provision
ACES74	**Every Child a Talker** Terminate the remainder of the existing programme, but retain a staffing contribution of £25k to enable its rollout in revised form.	-87		None	None	None
ACES75	**Disabled Children's Childcare Equipment** Remove the funding for one-off equipment purchases, so no on-going costs.	-14		None	Minimal	????
ACES76	**Remove Designated Teacher Funding Budget** This budget has no commitments against it in 2010/11 and was therefore scored as a one-off in year saving. This saving can be continued on an on-going basis.	-10		None	None	None
ACES77	**14-19 Prospectus** The 14-19 prospectus and common application process allows young people to find information about all courses available anywhere in York on a single website and to make a single electronic application to any course or institution.	-11		None	Reduced access would limit independent and impartial IAG and also impact on strategic planning ability.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES78	**KS2 Career Related Learning.** This budget currently funds support to schools in disadvantaged areas in raising pupils' aspirations. The saving would mean that this support may cease.	-15		None	Minimal - the Connexions review will consider if this can still be provided within a more targeted service approach	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES79	**School Workforce Development** Removal of funding currently devolved to schools from the Workforce Development Grant which has now ceased.	-52		None	Minimal	None

ACES80	**YOT/YPS Head Of Service** Bring into effect the decision made by the Executive in July 2010 to amalgamate the YOT and Young People's Services under a combined Head of Service.	-54		Removal of 1 fte post	None	None
ACES81	**Children's Fund Budget Reduction** The fund in its present form has come to an end. ongoing funding of any project was not anticipated. However prioritisation means that a reduced sum of money will be used in 2011-12 to provide transitional support to third sector organisations offering proven early intervention services, and to ensure the sector continues to have capacity to adapt to the changing circumstances.	-206		None	Where the voluntary sector is unable to adjust to reduced or withdrawn council funding, some services would cease.	The fund has previously been used specifically to support vulnerable groups, and EIAs have indicated that its complete withdrawal would have a disproportionate impact on them. This is why we are proposing transitional support for those voluntary sector organisations where the impact is highest.
ACES82	**Positive Activities For Young People** This scheme of holiday activities for young people will be scaled back and remaining funds directed towards more targeted activities.	-94		None	Impact would be minimal because the scheme represents an optional extra for the young people concerned, many of whom already benefit from other council programmes.	Whilst targeted groups will experience service reduction they will also see some continuity of provision
ACES83	**Cease Youth Opportunity Fund** Funding under this heading has previously enabled us to run the "yorkash" scheme: small grants for young people's projects, overseen by young people themselves. In the absence of funding, we will not be able to run another round. Opportunities remain to engage young people around the decision making on the revised Childrens Fund allocated resources decsribed at ACE 81	-90		None	Impact would be minimal because the proposal is not to run a new funding round, rather than to impact on existing projects.	None
ACES84	**Teenage Pregnancy Budget Reduction** A small reduction in the funds available to support activities to reduce teenage pregnancy and promote sexual health.	-5		None	This reduction can be absorbed with minimal impact.	????

ACES85	**January Guarantee Budget Removal** Funds under this heading have previously supported activities by Connexions Advisers to ensure that all 16 and 17 year olds who were "NEET" in January were offered a suitable placement. In the absence of funds such activities will need to revert to the mainstream work of Connexions and its partners.	-20		None	Impact will be minimal provided Connexions and our partners continue to work flexibly and creatively.	None
ACES86	**Youth Taskforce Budget Removal** Funding under this heading has previously been used to support the mainstream work of Young People's Services in promoting positive activities for young people. Will result in reduction in capacity to provide or commission projects for young people	-50		None	Minimal impact	None
ACES87	**Whole Family Intervention Programme Reduction** This programme works intensively with families with multiple problems. It has proved its worth in York and we are proposing to maintain it, albeit with somewhat reduced funding and with a new intervention model so as to spread its impact more widely.	-100		Removal of 2.5 fte posts	Impact will be minimal because existing customers will not be affected, and we will explore new models for future interventions in order to maximise the benefits of the scheme.	Positive impact for the most vulnerable families affected by poverty. Specialist support devoised for minority communities.
ACES88	**Closure Of Contact Point Database** The new Government has decided not to proceed with this national database, and activity to support it has therefore ceased.	-74		Removal of 3 fte posts	Minimal impact	None
ACES89	**Cease Youth4U Young Inspectors** This was a pilot scheme to enable young people to help us appraise our services from their perspective. The specific scheme will cease and we will pursue other ways to access their views.	-30		None	Minimal impact	None
ACES90	**Children & Young People's Project** These funds have been used to support project work in the region, which will now cease or be mainstreamed.	-80		None	Minimal impact on external customers	None

ACES91	**Teenage Parent Supported Housing Project** This project is a successful pilot working with vulnerable young parents, particularly those living in temporary accommodation. CYC will continue to fund the project on a more limited basis in 2011-12 to enable an exit strategy to be devised which "mainstreams" the best aspects of the work.	-67		Removal of 1 fte post	Services in their current form would be progressively withdrawn and replaced with alternative models.	????
ACES92	**Mill House Reception Closure** Transfer of public reception from Mill House to Customer contact centre.	-5		Removal of 0.3 fte post	Minimal impact - customers will be directed to different city centre location	None
ACES93	**Choice Advisors** Deletion of Post of School Choice Advisor in the Access Team, previously funded by grant.	-22		Removal of 1 fte post	Minimal impact	None
ACES94	**Cease Promotion Of School Sustainable Travel** Cease supporting the promotion of sustainable travel, previously funded by grant.	-13		None	Minimal impact	None
ACES95	**York Independent Living Travel Scheme Programme Funding Reduction** Fundiing for project to encourage post 16 SEN pupils to remain in education whilst reducing high cost transport - funding ended	-36		None	Minimal impact - implications to be covered in More for York transport review	None
ACES96	**Extended Rights For Free Travel** Central government support for extending the right to free travel has reduced	-29		None	No impact on York's discretionary transport policy	None
ACES97	**Youth Community Action Volunteering** Project has already been ceased following the early withdrawl of funding in 2010/11.	-1,400		None	None	None
ACES98	**Care Matters** The funding previously supported the learning, health and social outcomes for looked after children. A review of the current arrangements has identified efficiency savings to manage the funding reduction.	-15		None	Minimal	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.

ACES99	**Two Year Olds Nursery Pilot** This was a short term pilot offering free childcare, so the intention is to honour those 2 year olds already within the pilot but not offer to any similar provision to any new cohorts of children.	-213		None	Stopping of pilot will affect potential 2 year olds not those already involved in pilot. This pilot does impact on the most disadvantaged children and therefore their families who won't be able to access free childcare and the quality experiences this provides. A new statutory requirement for 2 year olds is expected to be introduced from 2013, although the detailed implications of this are not yet known.	This service has targeted the most vulnerable and all efforts will be made to ensure that individual children and families needs continue to be met without such provision
ACES100	**Child Death Reviews** To support the local authorities role in reviewing all unexpected child deaths. Delivered through a partnership arrangement with NYCC where some changes to the administrations arrangements will yield a small spending reduction without loss of essential activity.	-2		None	None	None
ACES101	**CAMHS** To support the delivery of a comprehensive mental health service to children and young people – a review and refresh of the multi agency CAMHS strategy has helped to identify a spending reduction whilst minimising the impact on direct services.	-27		None	Minimal	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
CORS01a	**Full year effect of 2010/11 More for York Savings** This is the full year effect of the Directorate savings for the More for York programme. These were agreed as part of the 2010/11 budget process.	-348		These saving have been previously agreed and no further implications anticipated.	These saving have been previously agreed and no further implications anticipated.	These saving have been previously agreed and no further implications anticipated.
	Offset balance of 2010/11 savings not yet delivered, included in above proposals	941				
	Offset provision for staff severance costs	300				

Total	**-11,430**	**0**

City Strategy

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CSTS01	**Mapping Service Agreement** The council will no longer have to pay Ordnance Survey for use of mapping data from 1st April 2011.	-50		None	None	None
CSTS02	**Management Support** Implementation of successful More for York Commercial procurement approach to reduce spend on goods and services	-10		None	None	None
CSTS03	**Staffing Overhead Budgets** Remove all budgets for staff advertising / relocation. Any costs arising in future to be funded from vacancy savings.	-20		None	None	None
CSTS04	**Staffing Impact of Service Reviews** The Directorate has undertaken a number of service reviews that has identified that the services can be reduced by a number of posts (c.25-28). This is a combination of agreed Organisation Review Savings, review of administration functions, review of workload due to downturn in capital funding and grant funding. The quoted saving of £328k is after the organisation review saving and meets previously agreed More for York target savings.	-328		Organisation to be reduced by between 25 and 28 posts. 5 of the posts are currently vacant. Further three fixed term contracts that will cease.	The impact of the reduction in posts will be the Directorate being unable to provide the same level of service however, the redcutions are not directly in public facing services.	It is not anticipated that the reduction in posts will have any direct equality implications.
CSTS05	**Legal Fees budget reduction** The council has a budget of £41k for funding external inquiries / compensation claims. It is proposed that this budget can be reduced to £25k.	-16		None	None	None
CSTS06	**Development Management Overheads** Savings from a review of postage and advertising budgets across development management area.	-14		None	None	None
CSTS07	**Introduction of Pre Application Charges** Anticipated income from introduction of pre-application development management charges agreed by Executive 30/11/2010.	-100		None	Members of the Public and Organisations will have to pay for a service previously provided free of charge	The charge will not be applied where the development is for a registered disabled person.

CSTS08	**Highways System Budgets** Savings from rationalising traffic system maintenance contracts.	-35		None	None	None
CSTS09	**Bus Information Systems** Seek support from bus operators / other Local authorities to part fund live bus information service.	-8		None	None	None
CSTS10	**Review of Highway Charges** Increased income yield from review of Highway Charges including seeking support from bus operators for cost of bus information systems.	-5		None	Charges will increase by more than inflation in a number of areas eg skip hire licence	Dial & Ride service to increase by 15p return (8.5%).
CSTS15	**Subsidised Bus Services** Anticipated savings from CYC newly tendered services from September 2011.	-50		None	The savings are anticipated from reduced prices rather than service cuts. Some services are being amended.	None
CSTS16 / CSTS17 / CSTS37	**Restructure Cycle Training Provision** Saving to be delivered through a combination of a) reducing the number of qualified instructors attending sessions being supported by school staff b) increasing charges above inflation and c) scale back of service provision. The result of these measures target to reduce council subsidy from £90k to £50k	-40		There will be reduced need for qualified cycling instructors at some sessions.	Prices will increase by more than inflation to recover costs. Reduction in overall number of sessions that can be provided.	None
CSTS18	**Change to Concessionary Fares Arrangements** Withdraw concession from special Raceday bus services.	-4		None	c. 7,000 trips are funded by the council. There is alternative service bus provision.	This will impact over 60's who own a bus pass and use Raceday special buses.
CSTS20	**Reduction in Road Survey work** Scale back requirement to undertake traffic surveys. Make more use of internal staff / CCTV coverage rather than hiring external organisations to undertake work.	-15		None	None	None
CSTS22 / CSTED06	**City Centre Partnership** Reduce expenditure on partnership activity. Reduction will be a combination of reducing activity as well as looking at undertaking current activity in a more cost effective way.	-10		None	None	None
CSTS23 / CSTED08	**Eco-Business Support** Due to higher than forecast occupancy at the centre the budgeted subsidy for the centre is substantially no longer required.	-10		None	None	None

CSTS24 / CSTED07	**Key Cities** Withdraw funding contribution to Key Cities initiative.	-10		None	None	None
CSTS25 / CSTS26 / CSTED09	**Business Support / Trends** Review of activity with a target reduction of £15k in this area (20%).	-15		None	None	None
CSTS27 / CSTED01	**North Yorkshire Partnership Unit** Withdraw commitment to Partnership Unit which from 1st April 2011 becomes incorporated into North Yorkshire County Council	-20		None	None	None
CSTS29 / CSTED05	**City Centre Events** Target for additional income for specialist markets / city centre events	-20		None	None	None
CSTS30 / CSTS44	**Contribution to Visit York** 15% (£60k) reduction in cash contribution to Visit York reducing contribution from £400k to £340k. Reduction will impact on a range of tourism activities, particularly marketing spend for tourism within the city.	-60		May be staff reductions within Visit York.	Reductions in events and product development	None
CSTS31 / CSTS42 / CSTED03	**Contribution to Science City York** Reduction in contribution from £180k to £100k. This will bring the councils contribution in line with other supporting organisations, although will still leave a significant gap in the current level of funding due to the loss of Yorkshire Forward monies.	-80		May be staff reductions within Science City York .	Will impact businesses supported by Science City. Reductions in events activities and marketing.	None
CSTS32	**Change to Concessionary Fares Arrangements for Park & Ride customers** Introduce charge of 50p for Concessionary Pass holders who board at Park & Ride Sites to reflect cost of amenity / parking at the sites.	-250		None	Will impact bus pass holders who currently receive free transport at the site.	This will impact over 60's who own a bus pass and use Park & Ride
CSTS34	**Subsidised Bus Services** Savings arising from lower priced services where NYCC is lead authority.	-15		None	None	None
CSTS35	**Reduce Bus Infromation Service** Scale back direct provision of bus information service.	-10		None	The regional website will continue to be supported. More reliance on bus operators to keep information upto date.	None

CSTS39	**Park & Ride Expenditure** Scale back provision of staffed customer desk at Designer Outlet Park & Ride. This will mean at some times of the day tickets will only be available on board buses.	-40		None	The office will not be staffed at all times of service sometimes customer will have to buy tickets on the bus.	The office will still be open at busy times and payment is always accepted on the bus.
CSTS41	**New RESPARK Schemes** Reduce budget for provision of new schemes. There is currently little demand for new schemes	-10		None	None	None
CSTS43 / CSTED04	**Welcome to Yorkshire** Cease council contribution to Welcome to Yorkshire (regional tourist agency).	-34		None	May result in reduced marketing promoting York and Yorkshire as a brand. May result in fewer visitors.	None
CSTS45	**RESPARK Charges** Additional income arising form a proposed 2% increase in standard RESPARK charges. It is also proposed to increase high emission vehicle permits by 10% whilst freezing low emission vehicle charges.	-12		None	Increase for standard charges £2 per annum.	Disabled people will still be able to apply for free permit.
CSTS47	**Car Park Income** It is hoped that any improvement in the economy will result in small growth in car park income. If that is not to happen it may be necessary to raise prices by 10p per hour in the autumn.	-50		None	Potential for higher charge for on-street and off-street car parking.	Blue badge holders will still be able to park free of charge
CORS01d/ CSTSM4Y	**Full Year Impact of More for York Savings** The full year impact of savings previously agreed through the Organisation Review as well as Directorate initiatives within Planning and Administration.	-267		Staffing reductions from this saving included in CSTS04	See CSTS04	See CSTS04
CORS01d	**Full Year Impact of More for York Savings** Full year savings from the organisation review and review of Facilities Management across the council.	-370		Staffing reductions of 2 fte's across the portfolio area. Also eight staff within Property restructure due to downturn in income.	The impact of the reduction in posts will be the Directorate being unable to provide the same level of service however, the redcutions are not directly in public facing services.	It is not anticipated that the job losses will have any direct equality implications.
	Total	**-1,978**	**0**			

Communities and Neighbourhood Services

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CANS01	Reduce use of agency staff	-100		No impact	No impact	No impact expected
CANS02	Review of all internal trading across the council to remove bureacracy	-150		Likely to be a reduction in staff - number to be determined	No impact	No impact expected
CANS03	Review all fees & charges to ensure set at appropriate level, recover actual costs and are collected as efficiently as possible.	-50		No impact	Will result in increased charges for some services	Equalities Impact Assessment (EIA) available
CANS 04 CANS106	Implement the successful More for York Commercial Procurement approach to reduce spend on Goods and Services	-700		No impact	No impact	No impact expected
CANS08	Improved efficiency of the procurement and running and maintenance of the councils fleet of vehicles. Expected reduction in costs and CO2 emissions	-570		Some impact - to be determined	No impact	No impact expected
CANS10	Restructure Adult Education Service to reduce management and administrative costs and maximise fee income	-95		Reductions in management, administration, outreach and child care posts	Reduction in free Child Care available and in outreach work.	EIA available
CANS11	Reorganisation of Street Sport function	-10		Change in ways of working	No impact	No impact expected
CANS12a	Reduced funding for SHINE (formerly Schools Out) activities (by 11% in total) - £10k	-10		No impact	Small reduction in Service	No impact expected
CANS12b	Reduce Better Play Grants funding (by 7% in total) - £10k	-10		No impact	Small reduction in Service	No impact expected
CANS14	Arts Consultant Service - Moved to a partially traded service in 10/11. Propose to move to fully traded service.	-10		Reduction of up to 3 FTEs if schools do not buy in to the service	Loss of support to schools in Music, Dance, and Drama if schools do not buy in	No impact expected
CANS15	Inclusive Arts - Increased income due to charging a mangement fee for projects	-10		No impact	No impact	No impact expected
CANS16	Develop the Explore concept in Libraries & Heritage by consulting with communities in order to implement shared use of premises, and reducing staffing through implementation of self issue technology and the use of volunteers.	-40		Reduction in staffing levels in current branch libraries	No impact	No impact expected

CANS21	Standardised grass cutting on larger open spaces	-15		Likely to be a small reduction in staff, number to be determined	Less grass cutting on large grassed areas concentrating instead on footpaths and sports areas	No impact expected
CANS22	Close the 5 main parks and gardens at 9.00pm in summer rather than 9.30 / 10.00pm removing the need to employ temporary staff in order to comply with working time directive.	-10		No impact	Some disruption to bowls and tennis customers	No impact expected
CANS25	Removal of unnecessary hedges and other high maintenance features from Parks and other open spaces to make better use of the space.	-4		Likely to be a small reduction in staff, number to be determined	No impact	No impact expected
CANS27	Range of efficiency measures at Energise (Resulting in reduction in management grant to YHS)	-100		No impact	No impact	No impact expected
CANS29	Peripatetic Music Service - review and streamline the current service and focus on teaching in schools rather than in smaller groups.	-41		Reduction in management, tutors and administrative staff	Change to individual arrangements for music lessons. Every child will now have min. 1 year of instrumental tuition	EIA available
CANS33	Realign homeless prevention work to reduce staffing	-15		Reduction of 0.5 FTE	No impact	No impact expected
CANS34	Develop foyer scheme for young people to improve life chances for young homeless people and reduce the impact of increased 'Looked after Children'. Subject to delivery of this scheme, will be able to integrate the management of resettlement, temporary accommodation, support and casework	-38		Will result in changes to Terms & Conditions for staff as a result of moving to a 24/7 managed service and potential reduction of one FTE	Will result in more focused service to a particular vulnerable client group, resulting in significantly improved customer outcomes	Will deliver positive & improved outcomes for young people. An EIA will be needed as part of proposals to develop a Foyer for young people
CANS35	Integrate management of Peasholme contracts to reduce management costs	-5		Potential reduction of 1 FTE, although may not be CYC staff	No impact	No impact expected
CANS36	General efficiency within Temporary Accommodation.	-30		No impact	No impact	No impact expected
CANS37	General efficiency within housing services.	-18		No impact	No impact	No impact expected
CANS38	General efficiency in housing options.	-15		No impact	No impact	No impact expected
CANS47	Streamline management of Neighbourhood Pride and Parks & Open Spaces.	-83		Reduction in Management and Supervison Posts (3 FTE)	No impact	No impact expected
CANS48	PE & school sports consultants: Generate income to part fund the service	-10		Restructure of one post required	No impact	No impact expected
CANS50	Increased income from Community Centres	-10		No impact	No impact	No impact expected
CANS51	Increase vacancy factor	-10		No impact	No impact	No impact expected

CANS52	Reduce York Community Pride budget	-10		No impact	Small reduction in grants available	No impact expected
CANS53	Reduce spend on Your Ward by using alternative distribution methods, eg libraries and email for some publications	-10		No impact	No impact	No impact expected
CANS54	Review of Mobile Cleaning Operation	-17		Possible staffing reductions	No impact	No impact expected
CANS55	Reduction in overtime for Building Cleaning Service - change to additional hours/casual only and reduce hours used to cover absence. Option for leave to be taken out of term time to be considered to reduce cover required to help achieve this saving in Schools	-60		Discussions with staff on holidays	No impact	No impact expected
CANS56	Better sourcing of material in building cleaning service	-15		No impact	No impact	No impact expected
CANS57	Review of City Centre Caretaking	-63		Possible staffing reductions	No impact	No impact expected
CANS58	Review of Management and Supervisor Structure within Cleaning	-26		Possible staffing reductions	No impact	No impact expected
CANS59	Charge full cost of voids cleaning service to Housing Revenue Account	-40		No impact	No impact	No impact expected
CANS60	Further review of rounds and schedules for waste and recycling	-130		Reduction of up to 4 FTE (Currently agency)	No impact	No impact expected
CANS61	Review of Management and Supervisor Structure within Waste	-25		Possible staffing reductions	No impact	No impact expected
CANS62	Private sector supply of spare vehicle	-30		No impact	No impact	No impact expected
CANS64	Move to 4 weekly collection of green waste during the winter months	-110		Reduction in FTE, number to be determined	Green waste collection service reduced in winter to some residents	No impact expected
CANS65	YorWaste contract to be re-negotiated around recycling credit	-15		No impact	No impact	No impact expected
CANS66	Reduction in contribution to the NY waste partnership	-5		No impact	No impact	No impact expected
CANS67 CANS68	Review of waste communication and promotion with a more targeted approach	-20		No impact	Lower levels of promotional material to high performing areas	No impact expected
CANS70	Replace temporary scaffolding at Towthorpe Household Waste Recycling Centre with permanent structure	-11		No impact	No impact	No impact expected
CANS73	Permit scheme revision - apply permit scheme more robustly to private individuals using commercial vehicles	-10		No impact	No impact	No impact expected

CANS74 CANS40	Review the management and methods used for street cleaning and litter management across the City	-75		Possible staffing reductions	No impact	No impact expected
CANS77	Remove 2nd attendant from Silver Street toilets	-9		Possible staffing reductions	Reduced cleanliness standards	Could have some impact on disabled customers, therefore full EIA will be required
CANS79 CANS81	Review methods of payments for Resident Parking and PCN's	-17		Some impact on shift patterns and workload within Admin	Accessibility will be considered as part of the review	Could reduce accessibility therefore EIA required
CANS80 CANS84	Review the patterns of work within the parking service	-38		Possible staffing reductions	No impact	No impact expected
CANS82	Reduction in legal fees	-6		No impact	No impact	No impact expected
CANS83	Reduction in car park maintenance	-5		No impact	No impact	No impact expected
CANS85	Engage with the private sector for financial support for cleansing of publicly accessible private land	-10		No impact	No impact	No impact expected
CANS94	Review of pest control service to generate efficiencies and generate additional income	-49		No impact	No impact as costs will only rise by inflation	Potentially some socio economic impact for customers in receipt of benefits so a full EIA will be required
CANS96	Look at the potential to develop a policy to charge a roof tax on all new affordable housing bought by RSL's on S106 sites	0		No impact	No impact	No impact expected
CANS97	Social New Homes Bonus - additional income, subject to confirmation of new homes bonus scheme. Saving is recurring for 5 years but not recurring beyond that time.	-50		No impact	No impact	No impact expected
CANS98	Efficiency savings from using different anti-skid tarmac in those areas that currently have anti-skid and are due for resurfacing	-8		No impact	No impact	No impact expected
CANS99	Undertaking patching on carriageways and footways that meet the standard of the classification of the road	-100		No impact	No impact	No impact expected

CANS100	Increasing the number of streets treated under capital funding thus reducing the need to spend revenue funding on pothole repairs. Saving achieved by planing off and making a better repair than making a basic pot hole repair under revenue funding.	-50		No impact	No impact	No impact expected
CANS101	Replacing current bollards with new bollard designs, which have a longer life and require less maintenance if knocked by drivers	-58		No impact	No impact	No impact expected
CANS102	Renegotiation of stone crushing contract to achieve saving per tonne	-11		No impact	No impact	No impact expected
CANS104	Remove development capacity from Yearsley Pool management team	-15		Reduction of 0.5 FTE	No impact	No impact expected
CANS109	Trial Hull Road Park 24/7 opening. This would see the removal of weekend and evening attendants and leave the park unlocked over night, combined with simplified landscape eg remove all bedding planting and replace with grass / shrubs.	-38		Reduction of 2 FTEs	Would turn it into public open space rather than a formal park	EIA available
CANS110	Review of procurement arrangements in relation to Race day toilets	-5		No impact	No impact	No impact expected
CANS111	Rationalise facilities management in Communities & Culture	-40		Net reduction of 1 FTE	Reduced capacity to support community facilities and clubs and to deliver 2012 activities	No impact expected
CANS114	Reduce ward committee budgets by 10%	-56		No impact	Small reduction in schemes that can be undertaken	No impact expected
CANS117	Review of Housing and Public Protection management structure	-115		Reduction of 3.5 FTE	No impact	No impact expected
CANS119	Review of waste strategy with a view to increase recycling rate by 1% by a more targeted approach to recycling promotion	-65		No impact	No impact	No impact expected
CANS121 CANS46	Streamlining of business support and admin functions across the directorate.	-150		Likely to be a small reduction in staff- number to be determined	No impact	No impact expected
CANS123 CANS78	Full review of structures and services delivered by all staff out on the streets carrying out inspection, enforcement and reporting roles	-67		Potential reduction of up to 4 FTEs	No impact	No impact expected

CANS130 CANS131	Stray management - The council has entered into a 10 year Environment Stewardship agreement with Defra for the management of 3 strays. Savings can be achieved through increased income and more efficient use of councils maintenance budget	-25		No impact	Improvements	No impact expected
CANS132	Allotments - service to become cost neutral over a 3 year period. Annual savings target of £12k to be met from above inflation price rises, increased occupancy of sites, bringing more land into cultivation and maintenance efficiencies	-12		No impact	Increased Charges	No impact expected
CANS133	Park ranger education programme - partial cost recovery of ranger service education programme by charging schools for lessons and sessions provided.	-10		No impact	No impact	No impact expected
CANN02 **One-off**	Environmental Health management & administration Recharge management costs to regional projects.		-60	No impact	No impact	No impact expected
CORS01b	Full year effect of 2010/11 More for York Savings This is the full year effect of the Directorate savings for the More for York programme. These were agreed as part of the 2010/11 budget process.	-319		These saving have been previously agreed and no further implications anticipated.	These saving have been previously agreed and no further implications anticipated.	These saving have been previously agreed and no further implications anticipated.
	Total	**-4,159**	**-60**			

Customer and Business Support Services

		2011/12		Staffing Impact	Customer Impact	Equalities Impact
		Recurring	One-off			
Ref	**Brief Description**	£'000	£'000			
CBSS01	**Organisational Review stretch** Increasing the Organisational Review savings beyond the level of the 2010/11 proposals.	-100		This saving will result in the reduction of a further 2 fte's across the directorate	There is a potential impact of reduced services delivered to internal customers	None
CBSS02	**Finance** Increasing the Finance review savings beyond the level of the 2010/11 proposals.	-50		This saving will result in the reduction of a further 1.5 fte's within Financial Services	There is a potential impact of reduced services delivered to internal customers	None
CBSS03	**ICT** Increasing the ICT review savings beyond the level of the 2010/11 proposals.	-50		This saving will result in the reduction of a further 1 ftes within ICT	There is a potential impact of reduced services delivered to internal customers	None
CBSS04	**Health and Safety** Consolidation of the Health and Safety function across the Council.	-50		This saving will result in the reduction of a further 1 fte's within HR	There is a potential impact of reduced services delivered to internal customers	None

CBSS05	**Various other budgets** A Review of base budgets has identified opportunities to reduce in a number of areas including supplies, stationary, office equipment, and fees paid to other bodies.	-50		None	None	None
CBSS06	**Admin Integration (cross directorate)** A Review will look at opportunities to integrate admin functions across the council, leading upto the move into the new HQ and potential single admin function for the whole of the new HQ	-200		The result of the review is likely to identify a number of post reductions c. 5 fte's.	There is a potential impact of reduced services delivered to internal customers	None
CBSS07	**Debt Management** Work will focus on opportunities to restructure debt, and to consider ways in which the overall debt repayments can be reduced.	-216		None	None	None
CBSS08	**Review of Democratic Services** There will be a vacancy in this area soon, and this combined with the potential changes in committee structures/greater flexibilty for councils, allows for a review of member support, committeee structures, the management of ward committees, and releated efficieincies. Initially the majority of the saving will come from the vacant post, with further proposals brought to members on options in due course	-60		This saving will result in the reduction of a further 1 fte's within Democratic Services (currently vacant)	There is a potential impact of reduced services delivered to internal customers / Members	None
CBSS09	**Reduction of Scrutiny Services Budget**	-15		None	Reduced budget for Scrutiny	None
CBSS10	**Insurance Savings** A review is underway in relation to insurance and risk management, which includes re-tendering of the insurance contract, a review of self insurance, consolidation of insurance and risk management budgets. These combined actions are expected to deliver a reduction in costs.	-80		None	None	None
CBSS11	**Website Advertising** Proposed advertising on the website, to be done through an external provider who will manage the process, operating within pre determinded guidelnes sepcified by the Council	-20		None	None	None

CBSS12	**Consolidation of Training** Training is scattered across the Council, and there is a mix of internal and external training. The HR More for York blueprint included this review in its proposals, but it is only now starting to take shape. The review will seek to consolidate all training, and identify opportunities to ensure better control/demand management of training as well as consolidation of training budgets.	-20		None	None	None
CBSS13	**Local Authority Trading Company/Trading with Other Organisations** It is proposed that a local authority trading company be established to allow CBSS to effectively trade its services, with a view to achieving additional income. There are a number of services already traded, but to maximise opportunities a trading company will need to be established, and the service will actively seek out further opportunities for income generation.	-15		There is potential for staff to be transferred into the employment of the Trading Company.	None	None
CBSS14	**Review of Mobile Phone Contract** This will consist of a review of the existing contract, and also a review of the number and type of devices, and seeking to ensure robust controls in terms of the allocation.	-15		None	None	None
CBSS15	**Creation of Internal Pool for Management of Agency Staffing** Following a fundamental review of engagement of agency staffing, it is planned that all agency recruitment will be brought within the internal recruitment pool, to enable better coordination, achieve efficiency of scale, and fundamentally to demand manage the use of agency staff. Savings are already assumed within departmental budgets, and were included within the More for York programme, but the overall scale of reductions through channelling everything through the internal pool are expected to exceed budget provision.	-20		None	None	None
CBSS16	**ICT Development Budgets** Review of the IT development work.	-20		None	None	None

CBSS17	**Income Collection/Debt Management** Work undertaken by CBSS officers in identifying newly or re-occupied domestic properties and improved recovery work on council tax arrears is enabling a lower level for non-collection to be incorporated into the council tax base calculation, delivering additional income of £184k. This will be incorporated as council tax base when the savings proposals are reported to the full Council. To deliver this will require some initial investment however, through one additional post within the income collection team, and provision for use of technical expertise in relation to debt. Investment totals £65,000, against a gross saving of £184,000.	-119		Additional 1 fte to deliver the improved collection rate.	None	None
CORS01c	**Full year impact of 2010/11 More for York Savings** The full year impact of savings previously agreed through the Organisation Review as well as Directorate initiatives within Finance, HR and ICT.	-612		These saving have been previously agreed and no further implications anticipated.	These saving have been previously agreed and no further implications anticipated.	These saving have been previously agreed and no further implications anticipated.
	Offset savingg delivered through increased council tax base	184				
	Total	**-1,528**	**0**			

Office of the Chief Executive

		2011/12		Staffing Impact	Customer Impact	Equalities Impact
		Recurring	One-off			
Ref	**Brief Description**	£'000	£'000			
OCES01	**Additional savings from restructure of OCE** A reduction in the number of posts in the Strategy, Partnerships and Grants team by 2 FTEs.	-58		This saving results in the reduction of 2 FTEs.	Resources will be focussed on priority activity only. Existing support for partnerships will be reviewed as part of a review of the Without Walls governance arrangements.	The focus on priority council activity will ensure that the work of this team contributes to the commitment to protect the most vulnerable customers. No specific impact upon equalities strands is expected. Impact of post reductions covered by overall Budget Equalities Impact assessment

OCES02 / OCES03	**Your City Customer publication** Make a 45% reduction in the cost of the Council newspaper through reducing editions from 6 to 4 and using a more efficient distribution method.	-31		No impact	Although there will be a reduced frequency of communication to residents and other stakeholders, this will not have an impact as quality improvements will be made and ward communications will continue.	Decreased frequency of the Council newspaper is not expected to have any equalities impact.
OCES04	**Reduce budget for Holocaust Memorial Day from £5k** The Council will continue to support this event in the Communities and Neighbourhoods Directorate and will find alternative means and source alternative funding to ensure its continuing success.	-4		No impact	The Council will continue to support this event and will review how it is delivered and funded to ensure that it remains successful.	No Impact
OCES05	**Reduce support budgets** The restructure of the Directorate has consolidated teams within the directorate and general support budgets will be trimmed to reflect this.	-5		No impact	No impact	No impact
OCES06	**Cease Place Survey** In August 2010, the statutory requirement to undertake the Place Survey was abolished by the new Government. This will reduce costs by £8k.	-8		No impact	No impact since the survey is no longer a statutory requirement.	No impact
OCES07	**Reduce number of Talkabout Panels** The number of citizens consultation panels would be reduced from 3 to 2 each year. Currently there is a budget of £11k to run the panels.	-3		No impact	Co-ordination of consultation across the Council will ensure that each consultation is more effective.	No impact as the panels are balanced to give representation to equalities strands.
OCES08	**Cease production of News in Depth** As a result if the introduction of a new intranet there is no need for a quarterly staff communication and this will no longer be published. More regular fortnightly newsletters will still be published using electronic means wherever possible, to reduce cost.	-6		No impact	No impact. Alternative methods of communication with staff will be used.	No impact - regular written, electronic and verbal updates will still be given to staff.
CORS01e	**Full year effect of 2010/11 More for York Savings** This is the full year effect of the Directorate savings for the More for York programme. These were agreed as part of the 2010/11 budget process.	-535		13.1 posts were removed from the structure, as per report to Executive on 2/11/2010	No external customer impact	Impact of post reductions covered by overall Budget Equalities Impact assessment

Annex 4

		Total	-650	0

Corporate Budgets

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
CORS02	Removal of budget for 2010/11 pay award	-800		None	None	None
CORS03	Removal of remaining 2010/11 contingency budget	-565		None	None	None
	Total	**-1,365**	**0**			

Annex 4

DSG

Ref	Brief Description	2011/12 Recurring £'000	2011/12 One-off £'000	Staffing Impact	Customer Impact	Equalities Impact
ACES62	**Traveller and Ethnic Minority Service** Restructure of service will be undertaken with effect from September 2011.	-13		Removal of 1fte Post	Revised structure may impact on type of service provided to schools.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES64	**SEN Speech, Language & Communication Needs** Reduce staffing in the Peripatetic Speech & Language team.	-24		Removal of 0.5fte Post	Reduced time available to support children with SALCN	The new service delivery arrangements have been developed to ensure that the remaining service is appropriately targeted to support the most vulnerable
ACES65	**Specialist Teaching Team** Reduce Specialist Teaching for the Deaf staffing.	-19		Removal of 0.4fte Post	Reduction in capacity to help support deaf pupils in mainstream schools	Care will be taken to ensure that the most vulnerable children are targetted as a priority
ACES66	**Nurture Groups** Reduce the level of LA funding available to support Nurture Groups. This saving represents the SEN contribution to the equivalent of one of these groups.	-9		None	Will depend on whether schools wish to continue to support this provision.	Care would be taken to assess the impact of any recommendations on vulnerable groups and, wherever possible, activities to support such groups will be given priority.
ACES67	**Out of Authority Placements** Increase the number of local foster carers and reduce the number of costly out of authority placements.	-83		None	None	None
ACES71	**Finance Services - Schools Forum Running Costs** Savings in the costs of administering and supporting the Schools Forum.	-13		None	None	None
	Total	**-161**	**0**			

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Annex 5

Estimated Reserves Balances

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
General Fund Reserve							
Balance at 1 April	(7,030)	(6,752)	(6,752)	(6,752)	(6,752)	(6,752)	(6,752)
Less: Committed To Annual Budget	44	-	-	-	-	-	-
B/Fwd Underspend released	284	-	-	-	-	-	-
Revised General Fund Reserve	**(6,702)**	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**
Add: Other Adjustments							
NNDR Rebates	(50)	-	-	-	-	-	-
	(50)	**-**	**-**	**-**	**-**	**-**	**-**
Net Overspend on General Fund	-	-	-	-	-	-	-
Estimated Reserve at 31 March	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**	**(6,752)**
Estimated Minimum Threshold	5,893	6,095	6,278	6,466	6,660	6,860	7,066
(Headroom)/Shortfall in Reserves	**(859)**	**(657)**	**(474)**	**(286)**	**(92)**	**108**	**314**
Venture Fund							
Balance at 1 April	(2,219)	(734)	(815)	(749)	(686)	(691)	(696)
Add: Repayments	(66)	(408)	(746)	(379)	(5)	(5)	(5)
Less: Advances	1,551	327	812	442	-	-	-
Estimated Balance at 31 March	**(734)**	**(815)**	**(749)**	**(686)**	**(691)**	**(696)**	**(701)**

The Council also holds Earmarked Reserves which could be called on in an emergency.
If they were used the reserves would need to be reimbursed in the future, or the costs relating to the purpose for which they were set up would need to be met from general budgets.
These include developers' contributions, which support the capital programme, the council's insurance reserve and schools' balances.

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Annex 6

Housing Revenue Account (HRA)

1 Local 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.

2 The Act also outlined the arrangements whereby subsidy is allocated on a “notional” HRA. This account is based on the Governments assessment of what local authorities should charge in rents and spend on management and maintenance, rather than what they actually do charge and spend.

3 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.

Draft HRA Negative Subsidy & rent increase

4 The two major sources of funding HRA expenditure have been Government Subsidy and rent income. Following 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, maintenance, etc. This results in a “negative” subsidy payable by the authority to the Government of £7,746k for 2011/12. This compares to £6,145k for 2010/11.

	2010/11 Estimate £’000	2011/12 Estimate £’000
HRA subsidy payable (including MRA)	19,143	18,035
Less Notional Rent Income from council tenants	(25,288)	(26,837)
Equals Negative Subsidy payable	(6,145)	(7,746)

5 Housing rents are based on a formula for rent setting created by central government. Under the original formula similar properties should be charged similar rents by 2012 regardless of who owns the property. This is known as rent convergence. This formula rent takes account of various factors including the number of bedrooms a property has, property valuation, average earnings and the date at which all rents are expected to converge. The guideline rent increase for 2011/12 is 6.5% with convergence due to be achieved in 2015/16. The actual average rent increase for this council, taking all these factors into account, is expected to be 6.4%.

Annex 6

HRA Borrowing and Debt Repayment

6 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.

7 In October 2009 the Executive Member agreed to submit a bid to the Homes and Communities Agency for grant to build in the region of 18 new family council houses. Following the emergency budget in June 2010 all schemes had to be re-submitted. The funding was confirmed and therefore the HRA may undertake prudential borrowing during 2011/12, which will be funded from the rental income stream received from the new properties.

8 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 suggests it is advisable to make a voluntary contribution and as a result since 2004/05 a provision of 2% has been made on outstanding HRA debt. This will continue in 2011/12.

9 The result of all the adjustments outlined within this report is an in-year surplus of £383k. Together with the budgeted brought forward working balance of £9,189k this leaves a working balance of £9,572k on the account.

10 This surplus is broadly in line with that forecast in the HRA business plan. The HRA surplus needs to remain on the account to be reviewed once the HRA business plan is updated to reflect both the budget detailed in this report and the 2010/11 outturn position. Members are reminded that the HRA surplus is needed to fund expenditure in future years.

11 A major reform of HRA Finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government, will lead to very substantial changes in the way in which the HRA is financed. At the time of writing the details of the proposed self financing offer had only just been received and officers are working through the detailed implications on the HRA business plan and future funding streams.

HOUSING REVENUE ACCOUNT

Annex 6a

BUDGET 2010/11 £'000	Expenditure:	BUDGET 2011/12 £'000
	Repairs & Maintenance	
4,993	Jobs General	5,047
956	Projects	1,039
257	Estate Improvements	257
108	Decoration Allowance	108
47	Rechargeable Repairs	30
6,361		6,481
	General Management	
88	Neighbourhood Management Recharge	88
69	Tenant Support and Information	56
45	City Strategy Recharge	45
126	Property Services Recharge	126
52	Neighbourhood Services Recharge	52
1,165	CAN Recharge	1,202
92	Head of Housing Services	88
2,724	Housing Operations	2,734
638	Asset Management	607
41	HRA Training	30
5,040		5,028
	Special Services	
800	Sheltered Housing	814
94	Energy Costs	93
692	Temporary Accommodation	702
186	Discus Bungalows	115
379	Grounds Maintenance	379
243	Caretaking Costs	249
19	Cleaning Costs	19
41	Lifts	41
6	Communal Aerials	6
6	Contribution to Energy Efficiency	6
2,466		2,424
	Rents etc.	
5	Rent & Rates	5
220	Insurance	220
1	RTB Legal Fees	1
226		226
	Provision for Bad and Doubtful Debts	
103	Council Housing	109
103		109
	Housing Subsidy	
6,145	HRA Subsidy (negative)	7,746
6,145		7,746
	Capital Charges	
7,732	Depreciation	7,732
6	Debt Management	8
7,738		7,740
28,079	TOTAL EXPENDITURE	29,754

HOUSING REVENUE ACCOUNT

Annex 6a

BUDGET 2010/11		BUDGET 2011/12
	Income:	
	Rents	
-25,764	Council Housing	-27,512
-308	Temporary Accommodation	-233
-26,072		-27,745
	Non Dwellings Rents	
-293	Council Garages	-307
-251	Council Shops	-251
-35	General Rents	-38
-579		-596
	Charges for Services and Facilities	
-9	Fees & Charges - Council Housing	-8
-85	- Legal Fees	-85
-85	- RSL management fee	-85
-543	- Sheltered Housing	-593
-2	- Temporary Accommodation	-2
-55	Cookers	-50
-87	Leaseholder Admin Charge	-90
-866		-913
	Contribution Towards Expenditure	
-11	- Sheltered Housing	-11
-42	- Rechargeable Repairs	-25
0	- Temporary Accomodation	0
-53		-36
	Supporting People Income	
-467	- Temporary Accomodation	-467
-467		-467
	Transfer from General Fund	
-3	Amenities Shared by the Whole Community	-3
-3		-3
-28,040	TOTAL INCOME	-29,760
39	**NET COST OF SERVICE**	-6
887	Loan Interest	799
-2	Mortgage Interest	-1
-200	Revenue Cash	-150
430	Voluntary Debt Repayment	459
1,463	Capital Expenditure financed from Revenue	1,062
-2,490	Contribution to/(from) MRR	-2,546
127	**(SURPLUS) / DEFICIT IN YEAR**	-383
-8,880	(SURPLUS) / DEFICIT BROUGHT FORWARD	-9,189
127	(SURPLUS) / DEFICIT IN YEAR	-383
-8,753	(SURPLUS) / DEFICIT CARRIED FORWARD	-9,572

Annex 7

Dedicated Schools Grant (DSG) and the Schools Budget

1 The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, pupil referral units (PRUs), private, voluntary and independent (PVI) nurseries or externally purchased places). As such it covers funding delegated to individual LA maintained schools and PVI providers through the LMS & Early Years Funding Formula, plus funding for other pupil provision which is retained centrally by the LA (e.g. SEN, PRUs, behaviour support, home & hospital tuition, school contingencies etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (0% in 2011/12).

2 The council 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.

3 There are also strict limits (central expenditure limits [CEL]) on the amount of the DSG that the council can retain centrally to either fund pupil costs outside mainstream schools, or to provide targeted allocations during the financial year to maintained schools.

4 To some degree the government has attempted to protect schools from the full effect of their spending reductions when compared to other parts of the public sector, and the remainder of local government services in particular. The key features of the Schools Settlement for 2011/12 are:

- a one-year only settlement for 2011/12, with consultation planned during 2011 on further changes to the system of allocating funding to local authorities and schools
- the mainstreaming of a number of current specific grants into the DSG
- changes to the way 3 & 4 year old nursery pupils are counted in the DSG allocation
- a flat cash per pupil allocation for all of the council's core funding
- a new pupil premium for disadvantage
- significant reductions in devolved capital allocations for schools
- significant reductions in the level of grants allocated to the council for Education and Children's Services outside of the DSG (including the impact of the new Early Intervention Grant) that are used to fund some central support services provided for schools.

Annex 7

Schools Budget Projection for 2011/12

5 A summary of the schools budget position is shown in Table 8 below. A full report on the schools budget and funding for schools has been prepared for the Schools Forum on 3 February, which can be provided to any Member on request. That report provides further detailed explanations of the figures set out in Table 1.

	ISB & PVI £'000	**Centrally Retained £'000**	**Schools Budget Total £'000**
2010/11 Approved Budget	**89,698**	**10,232**	**99,930**
Impact of previous years' decisions:	71	102	173
2011/12 Base Budget	**89,769**	**10,334**	**100,103**
Estimated post 16 funding reduction	-190	-246	-436
Provision for pay increases	-	89	89
Mainstreaming of specific grants	10,713	1,781	12,494
Extension of free nursery entitlement to 15 hours per week	1,016	175	1,191
Pupil premium for disadvantage*	1,241	-	1,241
Reprioritisation of centrally retained budgets:	-	-	-
Budget pressures	-	520	520
Proposed budget savings	-	-161	-161
LMS & early years funding formula requirements	-660	-	0-660
2011/12 Initial Budget Projection	**101,889**	**12,492**	**114,381**
Funding Available:			
Dedicated Schools Grant			107,076
LSC Post 16 Grants			6,722
Pupil Premium*			1,241
DSG Surplus b/f from 2010/11			100
Total Estimated Available Funding			115,139
Schools Budget Headroom			**758**

* The Pupil Premium is not technically part of the ISB, but is included here to give a more complete picture of the funding changes.

Table 1 - Schools Budget Projection for 2011/12

Funding Available within the DSG

6 The funding available includes the estimated 2011/12 DSG allocation of £107,076k, an early estimate of funding for post 16 pupils from the YPLA of £6,722k, the estimated level of the pupil premium for York schools of £1,241k and an estimated surplus carry forward from 2010/11 of £100k.

Annex 7

7 Table 2 sets out the latest estimate of the DSG for 2011/12. The figures are prior to the outcome of the January 2011 pupil census, and will be further updated when this data is available.

	2010/11		**2011/12**	
Pupil Numbers	22,642		22,991	
	£'000	£/pupil	£'000	£/pupil
DSG	92,905	4,103	107,076	4,657
Mainstreamed Grants	12,294	554	-	-
Early Years Grant	1,191	n/a	-	-
Total DSG	**106,390**	**4,668**	**107,076**	**4,657**
Adjusted for Change in Early Years Counting Methodology				
Adjusted Pupil Numbers	22,791		22,991	
	£'000	£/pupil	£'000	£/pupil
Total DSG	106,390	4,668	107,076	4,657

Table 2 - DSG Funding 2010-2012

Balancing the Schools Budget

8 Table 1 at paragraph 5 shows that there is headroom available within the schools budget of £758k. This figure is still prior to a precise assessment of pupil numbers being made following the January pupil census. If final pupil numbers vary from those currently estimated the impact will be felt both in the level of DSG to be received from the DfE and in the level of funding that will need to be allocated to schools through the LMS Funding Formula.

9 For every pupil above or below the current estimate, the DSG received will increase or decrease by £4,657. The average pupil led funding to be allocated within the 2011/12 LMS Funding Formula equates to £3,201. Therefore, on average, every pupil recorded on the census above current estimates will increase the headroom by £1,456, and every pupil recorded below the current estimates will reduce the headroom by £1,456. In previous years the final figures have been up to 50 pupils different either way.

10 The current allocation of funding to the ISB shown at Table 8 is the minimum required to ensure that all schools and PVI providers receive funding of at least the level of the DfE -1.5% per pupil minimum funding guarantee (MFG) (or equivalent). With the average funding change across all schools estimated at -1.1% per pupil (+0.8% for PVI providers). If the remaining headroom of £758k were to be allocated to the ISB it is estimated that this would allow the average per pupil reduction across all schools to move to -0.3% per pupil.

Annex 7

11 The actual level of funding change per pupil within the formula will be controlled by adjusting the maximum ceiling increase under the existing local ceilings and floors methodology (the floor funding level being the MFG for 2011/12). If the forum agrees to the use of the headroom in this way then it is estimated that the ceiling could be set close to 0% per pupil.

12 The Executive will be provided with an update of the decisions and comments made by the Schools Forum.

RISK ASSESSMENT AND SENSITIVITY ANALYSIS

Risk	Likelihood	Seriousness	How we will manage the risk
Budgets are overspent due to external pressures (e.g. increased fuel duty, other tax changes)	High	High	• ensure all managers aware of budgets for their service • ensure budget holders have ownership of their budgets • regular monitoring with corrective action
Savings are not achieved due to reduced management and support services capacity to deliver	High	High	• regular budget monitoring focused on high risk areas to identify issues at an early stage • where savings are not achieved ensure alternative savings identified • regular monitoring with corrective action at DMT • effective project management and planning support from support services
Management challenges on general directorate spend doesn't deliver savings	High	Medium	• regular monitoring at DMT • robust tracking of all savings across the directorate • effective project management and planning support from support areas
Waste Services - savings are not achieved in year as projected	Medium	Medium	• regular monitoring with corrective action • effective consultation process • effective project management and planning support from support team
Fleet review - savings not achieved in year as projected	Medium	Medium	• regular monitoring with corrective action • effective consultation process • effective project management and planning support from support teams

RISK ASSESSMENT AND SENSITIVITY ANALYSIS

Risk	Likelihood	Seriousness	How we will manage the risk
Savings identified within the Property Facilities Management Review may be lower than target and / or delivered later than required	H	H	• Appointment of expert advisor • The project plan needs to identify quick wins • The project needs to focus on high value savings • Report and Monitor through CMT
Timescale for implementation of Service Review may lead to reduced year 1 savings	H	M	• Consideration of Voluntary Redundancy • Review of order of delivery to maximise savings delivery • Implementation options may speed up savings • Vacancy Control
Continued Pressure on Income Budgets	M	M	• Hold vacancies in Land Charges and Building Control subject to increase in workload • Review of Planning Application fees will allow local determination during 2011 • Regular budget monitoring to identify trends
Failure to deliver charging for Concessionary Fares from Park & Ride Sites	M	M	• Taken appropriate legal advice • Consult with bus company • Monitor and review of impact on numbers
ACE savings that are subject to further reviews during early 2011 may not be fully delivered in 2011/12	Medium	Medium	• regular progress monitoring at DMT • strong and effective project management within the directorate • effective support from support team • consideration of alternative short / medium term savings options if required
It may be difficult to deliver all of the ACE staffing savings (>£4m) to the required timescales	High	Medium	• regular progress monitoring at DMT • prioritisation of HR resources to support these savings • consideration of alternative short / medium term savings options if required

RISK ASSESSMENT AND SENSITIVITY ANALYSIS

Risk	Likelihood	Seriousness	How we will manage the risk
Adult Social Care budget assumes the projected demographic pressures of £2m can be fully funded by accessing additional DoH funding to be channelled through the PCT	Medium	High	• development of a strong partnership agreement with the PCT on use of the additional funding • ensure an adequate contingency sum is included within the budget • consideration of additional savings if required
Potential loss of income for services supporting schools if any schools convert to academy status during the year	Medium	Medium	• ensure services offered are of the highest quality to maximise the chances of retaining schools' buy in. • consideration of how service costs can be reduced if demand for them reduces
Potential for reserves to go below minimum levels due to budgets being exceeded	Medium	High	• Ensure minimum levels are maintained • Robust financial management/prudent budget setting
Costs of redundancy/ retirement as a result of service changes exceed budget	Low	Medium	• Provision made for costs of retirement/redundancy in budgets

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Appendix

Financial Strategy 2011-2017

(note: the capital plan will be incorporated into the final financial strategy - this report is considered as a separate agenda item)

A. PURPOSE AND SCOPE OF THE STRATEGY

1. The Financial Strategy sets out the framework of the council's budget by detailing how available resources will be allocated between services, reflecting council priorities, and providing the framework for the preparation of annual budgets. In particular it:

   - sets out the council's medium term financial aims;
   - sets out the measures to be taken to ensure they will be achieved;
   - sets out the council's approach to delivering improved services and value for money over the next few years;
   - describes the council's arrangements for developing the medium term financial plan, including:
     - the identification and prioritisation of spending needs
     - the key financial influences on our medium term financial planning and the assumptions made in developing the plan
     - the challenges and risks associated with the plan and how we will deal with them.
   - sets out the council's policy on reserves and balances.

   The financial strategy covers all revenue and capital spending plans (the capital report is covered as a separate agenda item).

B. LINKS WITH OTHER STRATEGIES

2. The council's financial strategy and plan is linked with and supports service priorities and the council's other strategies and plans. These include:

Appendix

- **The Strategy for York (formerly known as the Sustainable Community Strategy)**
  The aim of the Strategy for York is to set out a long-term vision for the local area based on what matters most to local people. The document is prepared by Without Walls, York's Local Strategic Partnership, which is made up of representatives of public, voluntary and business organisations in York. The document includes actions that the Partnership will take in the short term to deliver the Strategy for York. These actions will shape the council's corporate strategy and perfomance management framework over the next three years.

- **The Council's Corporate Strategy**
  The Corporate Strategy is fully aligned to the Strategy for York. The development of the milestones and the budget process run simultaneously, to ensure realistic targets are set to meet the council's commitments.

  Service planning carries the golden thread of delivery to work plans, ensuring that the financial commitments made are delivered successfully. Progress and corrective action , if needed, are discussed at CMT on a monthly basis and by the Executive quarterly, completing the picture of full integration of the financial and corporate planning functions.

- **The Asset Management Plan**
  The Capital Resource Allocation Model (CRAM) process invites bids from Directorates asking them to put forward their main capital priorities as identified through their asset management plans which are aligned to the Council's Corporate Strategy. The financial strategy manages the impact of decisions taken on the Capital Programme resulting from the Asset Management Plan.

- **The IT Strategy and work programme**
  There are five themes within the IT strategy, of these the following themes reflect issues dealt with as part of this financial strategy, particularly through the council's Transformation Programme:

  1. Use technology to improve the efficiency and effectiveness of Council Services and the internal working of the Council

  2. Use technology to make services easy to access, high quality and efficient, effectively managed, and responsive to the particular needs of individuals and/or Customer groups.

- **The Procurement Strategy**
  There is now a revised procurement strategy as part of the More for York workstream and its focus is in support of the Councils drive for efficiency over the next three years. Targets for savings from procurement activity have been identified and the strategy will set out how CYC intend to increase the effectiveness of expenditure control regimes, increase the commercial focus of the council's procurement activity and improve the future planning and visibility of its procurement activity.

- **The Treasury Management Strategy**
  Treasury Management is the management of the Authority's cash flows its banking, money market and capital transactions, the effective control of risks associated with those activities and the pursuit of optimum performance associated with those risks.

  In order to comply with the various statutory frameworks within which the Treasury function has to operate, the Treasury Strategy and associated Prudential Indicators have to be approved by Council prior to 1st April of each financial year.

  Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council.

- **The HR Strategy and other related HR policies**
  The Workforce Development Plan has key linkages to the Corporate Strategy and as such forms part of the golden thread from directorate and service plans to service delivery and their subsequent financial commitments, through the service planning process.

C. LOCAL AND NATIONAL PRIORITIES

Our priority themes

3. The corporate strategy is in the final year of its three year life, with milestones currently being updated to ensure the successful delivery of the three year commitments. This in turn will make a significant contribution to the aims of the sustainable community strategy, to which the corporate strategy has been fully aligned.

4. The development of the milestones and the budget process run simultaneously to ensure realistic targets are set to meet the council's commitments. Bids that are associated with the delivery of the corporate strategy milestones are given a higher weighting of importance than that of unrelated bids.

5. The corporate strategy milestones undergo a large amount of scrutiny before being finalised. This includes consideration by the corporate management team (CMT), the corporate leadership group and the Executive. This ensures that the strategy is fully embedded within the culture of City of York Council, and value for money is considered at many levels before final agreement at budget council. Thus the projects the corporate strategy committed to the public to deliver are funded where at all possible.

6. Service planning carries the golden thread of delivery to work plans ensuring that the financial commitments made are delivered successfully. Progress and corrective action, if needed, are discussed at CMT on a monthly basis and by the Executive quarterly, completing the picture of full integration of the financial and corporate planning functions.

7. The council's medium term financial planning is driven by these priorities. By integrating the development of the budget and financial plan with these priorities we seek to ensure that resources have been allocated to deliver the corporate priorities in a robust and sustainable manner. The financial strategy also seeks to make links with national priorities. In considering any proposals for investment the links to national priorities are considered. By planning over a number of years the financial strategy aims to ensure that local and national priorities are delivered in the long term and service improvement and realignment is planned in an effective manner.

D. CURRENT NATIONAL ISSUES

External Influences

8. Council tax provides for about 17% of the council's gross revenue spending, with the majority of the council's resources coming from central government in the form of grants. These constraints are heightened following recent developments on the national political landscape and these are explored in more depth below.

9. Consequently, the financial strategy is to some extent shaped by factors outside the council's immediate control. However, there are many facets to an effective financial strategy and the council must ensure it proactively manages its resources with a view to ensuring robust financial planning that delivers council priorities.

Change in Central Government

10. The result of the May 2010 General Election, with the change from a Labour administration to Conservative-Liberal Democratic coalition, is significantly changing the public services landscape. The new coalition's desire to implement a paradigm shift to decentralisation and localism has already had a number of impacts on Local Government including the abolition of the Audit Commission, Comprehensive Area Assessments and Local Area Agreements, and the June emergency budget which significantly reduced in year funding delivered by Area Based Grants.

11. Further changes were outlined in the Localism Bill published in December 2010, which will inevitably have varying impacts on the way the council operates, and included the following headline proposals:

    i) Councils will have a "general power of competence", allowing them to do anything not specifically banned,

    ii) Councils will be allowed to return to the committee structure if they want,

    iii) Councils will have to publish a senior pay policy statement. If councils want to ignore it, there will have to be a vote at full council,

    iv) Councils will lose the power to charge for bin collections,

    v) The duty on councils to promote greater involvement in local democracy will be abolished,

    vi) The Local Government Ombudsman rulings will become binding,

vii) Voters will be given the power to veto excessive council tax increases. Any increase above a ceiling set by the DCLG Secretary will have to be approved in a referendum,

viii) Introduction of Tax Increment Financing (TIF),

ix) Closure of Redevelopment Agencies,

x) Reform of the Housing Revenue Account,

xi) Reform of the planning system.

12. Many of the changes outlined above will inevitably have monetary implications and therefore the council's financial strategy will have to be able to adapt and account for these issues as the proposals are developed.

Spending Review and Two Year Settlement

13. The October 2010 Spending Review set out the radical shift in public expenditure plans for the remaining four years of Parliament with some unprotected departments being expected to deliver in the region of 30% in savings over the period. Overall, unprotected budgets were on average reduced by 19% which, in real terms, will return public spending to 2008-09 levels. Three principles underpinned the announcement:

i) Growth - to enable a private sector led economy,

ii) Fairness - increasing social mobility by protecting health and school expenditure and reforming welfare,

iii) Reform - driven by decentralising power from central government and consistent with announcements on a move to more localised decision making.

14. The decentralisation of power to the local level, as driven by the reform principle, ensures that many of the announcements made in the Spending Review have an impact on the council. The following list outlines the most relevant financial headlines from 20 October:

i) Local government funding to be cut on average by 7.1% per annum,

ii) a Council Tax freeze in 2011-12 funded by central government for each year of the review period at a rate of 2.5%,

iii) devolution of control to the local level including un-ringfencing of grants from 2011 resulting in £4bn of grants being incorporated into formula grant,

iv) reduction in the number of core grants from 90 to 10, with a simplified schools grant and new public health grant.

v) interest rates on Public Works Loan Board (PWLB) loans increased to 1% above UK Government Gilts,

vi) capital funding to councils will fall by 45% over the four years.

15. In December, a two year settlement was announced that covered the first two years of the Spending Review (covering the years 2011-12 and 2012-13). The settlement for the subsequent two years will yield the results of the ongoing Local

Government Resourcing Review, the result of which are due early in 2011, and which will reflect the proposals outlined in paragraph 11. Settlements that cover more than one year are intended to improve the ability to forecast the overall financial position for the council. However there will remain significant uncertainties in long term planning as the level of grant is only part of a complicated set of assumptions used.

16. In order to meet all the challenges outlined above, this financial strategy seeks to ensure national priorities are considered alongside local priorities.

Efficiencies

17. In recent years, there has been a strong need to demonstrate efficiencies that have to be achieved through a greater focus on VFM and through a culture of innovation. One requirement that the new government has placed on councils is to demonstrate VFM by transparently publishing all spend over £500, which is designed to hold them to account for all of its expenditure

18. The council recognises the need to ensure VFM and this is reflected in the corporate strategy. To ensure the council can respond proactively to the major financial challenges it faces it launched the More for York programme during 2009. Savings from the programme are included in the 2011/12 budget and will continue to be a key feature of future budgets beyond.

Sustainability

19. Sustainability is a key performance measure. It is about long term social and economic benefits, ensuring a strong healthy and just society as well as environmental concerns. In order to ensure that the council's services and actions promote sustainability the council has developed a sustainability policy which contains principles and measures that are to be implemented over the coming years.

Significant Partnerships

20. In order to deliver more efficient services the council continues to work with a range of partner organisations throughout the area. In some cases it has entered into a formal agreement with partners for the delivery of services and projects, examples include:

- Safer York Partnership
- Joint commissioning with the health authority
- Joint agency panel for out of authority placements
- Learning disabilities integrated services
- Yorkshire Purchasing Organisation
- Waste PFI with North Yorkshire County Council

External Funding

21. The achievement of external funding is a key part in the demonstration of VFM. External funding opportunities include European funding and lottery funding. The council must carefully appraise the role that external grant resources can play in meeting its objectives. Decisions about bidding for external grants must be taken in the context of the priorities in the corporate plan.

E. THE FINANCIAL STRATEGY'S OBJECTIVES

22. The financial strategy is designed to maintain financial stability and, as far as possible, avoid the need for large unplanned increases in council tax and unaffordable borrowing, whilst ensuring we have sufficient resources to achieve the corporate aims and priorities. To this end, it is proposed that the medium term financial strategy should ensure the following specific objectives:

Objective 1 - Budgets are prudent and sustainable in the long term

23. This seeks to ensure that budgets recognise real cost pressures, and that no over reliance is placed upon any one-off savings, and/or use of one-off reserves. This will be achieved by ensuring:

- adequate provision is made for inflation pressures, current economic conditions, pay awards, and new legislation
- the revenue budget is not supported by one-off savings, or any significant use of reserves
- effective budget monitoring to ensure early identification of issues and action planning

Objective 2 - Financial plans recognise corporate priorities and objectives

24. This seeks to ensure that financial plans link with corporate planning and priorities, and that there is provision within the financial strategy for growth/development funding on an ongoing basis. This will be achieved by ensuring:

- additional investment and savings proposals make explicit reference to corporate priorities
- local and national targets are considered
- long term vision and objectives are considered within the report
- provision within financial planning figures for growth and contingency amounts based upon perceived risk,
- a review capital prioritisation process/option appraisal

Objective 3 - Significant risks are identified, and factors to mitigate against those risks are identified

25. Risk management is crucial in long term planning and it is essential that the financial strategy clearly identifies the associated risks and that this is supported by an embedded risk management culture within the organisation. This will be achieved by:

- risk management being embedded in corporate and service planning
- financial risks being specifically considered on an ongoing basis, and specifically reflected within the financial strategy
- targeting high risk areas when setting budgets and monitoring these areas closely throughout the year

Objective 4 - The capital programme is planned over a 5 year period, with the revenue implications of planned capital investment incorporated into the financial strategy

26. This seeks to ensure that advance provision is made within the financial strategy for the estimated revenue implications over the long term. This will be achieved by ensuring:

- the development of a 5 Year capital programme
- the clear identification of potential unsupported borrowing
- contingency funding is included within the capital programme
- a corporate approach to external funding opportunities to maximise resources to the council.

Objective 5 - Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account

27. It is important that the financial strategy is realistic and that there is a corporate awareness of the constraints on council funding. This will be achieved by ensuring:

- specific reference within each financial strategy of constraints and current issues
- regular reporting to Executive on local government finance issues
- awareness of the financial position within the organisation through an effective communication strategy

Objective 6 - Council tax increases will be kept below the government's expected upper level of increase, and the broad anticipated increase for future years will be set out within the financial plans, recognising that these increases may be subject to change

28. The government may in the future require authorities to set out planned council tax increases for the next three years. It is important in developing the financial plan that an assumed council tax increase is included, ensuring that financial plans do not place over-reliance upon excessive council tax increases. This will be achieved by ensuring that financial plans take account of this level of council tax increase, government expectations on council tax increases, and, in particular, that target efficiency gains reflect the likely levels of council tax. However, it has to be recognised that additional burdens and demands can be placed upon local authorities, and that it may not always be feasible to achieve an increase in council tax in line with the inflation rate.

Objective 7 - Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the council

29. It is important to strike a balance between maintaining adequate reserves and contingencies and delivering priorities and achievement of VFM. This will be achieved by ensuring an annual review of reserves, linked to corporate priorities and treasury management implications.

Objective 8 - VFM and achievement of improved efficiency and service delivery underpin the financial strategy

30. VFM should be at the heart of everything the council does, and the pursuit of improved efficiency and performance needs to be established as an ongoing underlying principle. This is being achieved through:

- a corporate efficiency programme, linked to transformation through the More for York programme
- a corporate approach to external funding
- embedded finance and performance reporting to Members
- benchmarking the costs and performance of our services

Objective 9 - The financial strategy supports the achievement of excellence in financial management and use of resources

31. A financial plan in isolation will achieve little. It needs to be supported by:

- effective financial governance arrangements
- effective corporate governance embedding the principles contained within the CIPFA/SOLACE good governance framework, and the implementation and assurance of these principles through the council's improvement plan/business model
- financial management that supports performance
- effective monitoring arrangements
- effective financial reporting

This will be achieved by:

- A highly visible improvement plan focused on core procedures and processes that an effective council needs to have in place
- developing the financial culture within the council
- financial reporting and documentation based upon stakeholder needs
- continued improvement of financial systems
- training and development - both financial and non-financial
- integration of financial and non financial performance measures

32. These objectives are further explored throughout the report.

F. DEVELOPMENT OF THE FINANCIAL STRATEGY

33. As noted above, the development of the budget and medium term financial plan is driven by the council's priorities. The financial strategy aims to help Members to determine priorities and forecasts the changes in demand for services, and the likely financial implications of changes in legislation. The strategy also demonstrates the future cost of policies or proposals, and seeks to balance the demand for spending with the resources likely to be available. The strategy provides a financial framework within which departments and individual managers can plan their services.

34. The financial strategy comprises a 5-year revenue plan and a 5-year capital plan. The plans will be reviewed annually and rolled forward by a year.

35. The process, from the start of the review of the financial plans through to the approval and allocation of budgets, will span the whole year and will engage regularly with senior Members and senior managers throughout the council. Ownership and understanding of the financial strategy is crucial in ensuring effective long term planning within the council.

36. One of the key features of the budget process is the linkage between the corporate financial requirements and the operational needs and demands of the council. This is done through the service plans that identify funding requirements for the revenue and capital budget, performance outcome expectations and risk assessments.

37. The financial strategy will be communicated to staff and other key stakeholders.

G. CONSULTATION

38. The council's budget has been widely consulted on. The forms of consultation included the following:

    - the postal and web based survey of citizen's priorities for budget growth and savings
    - budget forums held separately for citizens and the business community where an in-depth analysis of the situation and options were discussed
    - Scrutiny Management Committee
    - Executive Member Decision Sessions (EMDS) where budget proposals, options and details, including service plans, were presented

H. FINANCIAL CONTEXT

39. Ever since York became a Unitary Council in 1996 its funding and spend position has been comparatively low compared to other the unitary authorities which were created at the same time. York has a comparatively low level of council tax, spend per head and receives one of the lowest grant per head settlements as the following three charts show.

Appendix

40. In 2010/11 York had the second lowest Band D equivalent council tax of all 55 unitary councils, it had the lowest spend per head and received the 9th lowest government grant per head. Therefore York can be considered to be one of the lowest funded authorities in the country which is why decisions about the budget and the consequential impact on the council's priorities and services are difficult and important.

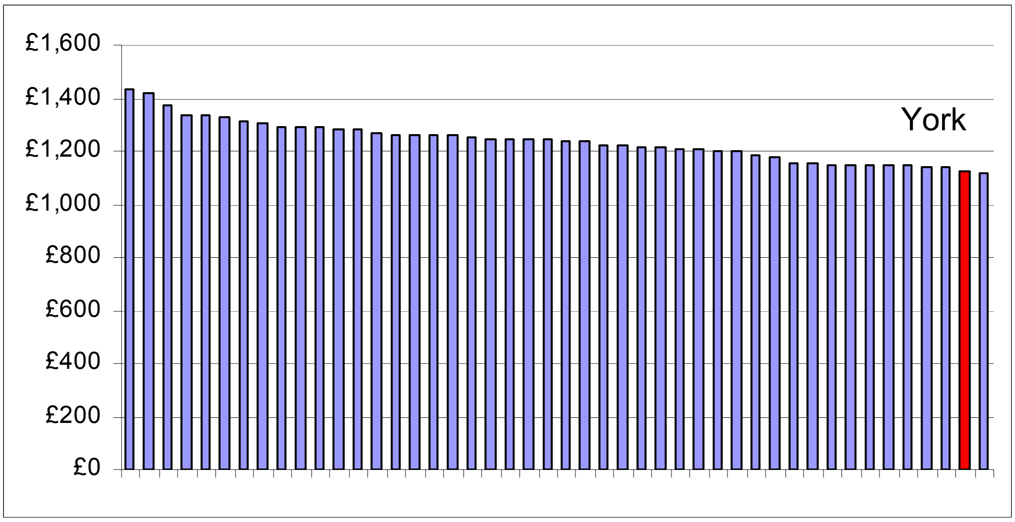

Chart 1 – 2010-11 Band D Council Tax - All Unitaries

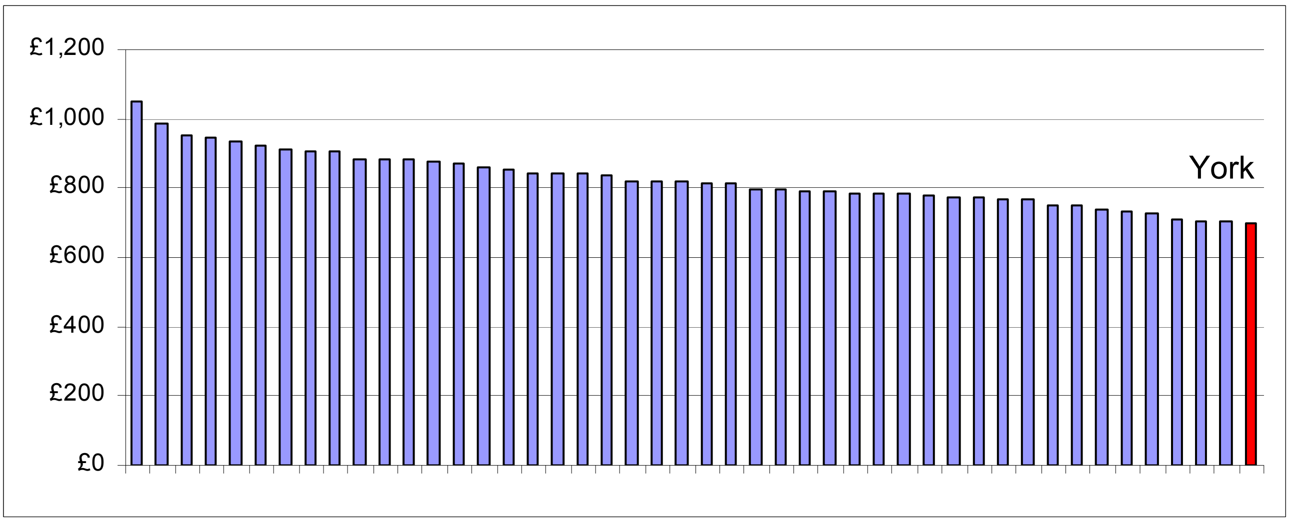

Chart 2 – 2010-11 Spend per Head - All Unitaries

Appendix

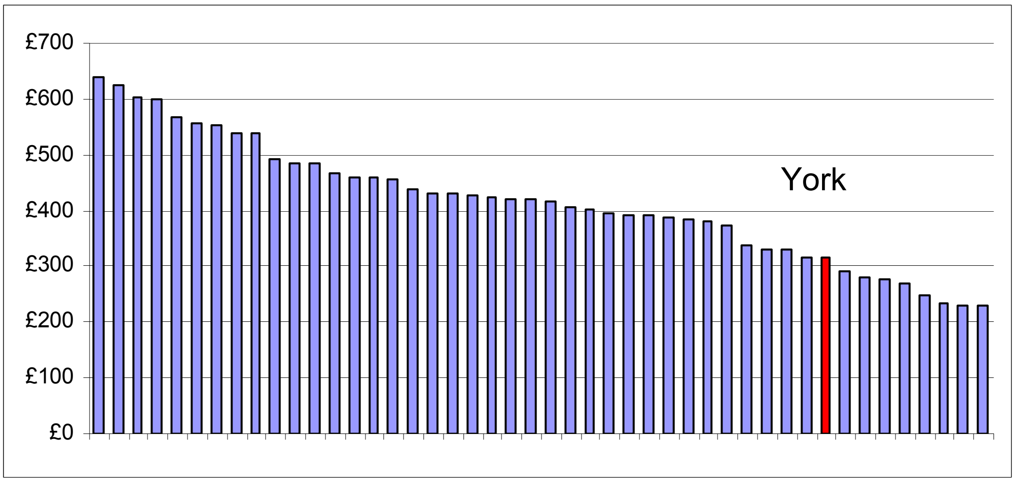

Chart 3 – 2010-11 Grant per Head - All Unitaries

Executive **15 February 2011**

Report of the Director of Customer and Business Support Services

Treasury Management Strategy Statement and Prudential Indicators for 2011/12 to 2015/16

Purpose

1. The purpose of this report is to ask the Executive to recommend that Council approve the:
    - Integrated Treasury Management Strategy Statement including the annual investment strategy and the minimum revenue provision policy statement;
    - Proposed Prudential Indicators for 2010/11 to 2014/15
    - Revised Treasury Management Policy Statement
    - Specified and Non-specified investments schedule
    - Treasury Management Scheme of Delegation and role of the section 151 officer

Summary

2. The report provides a background to why it is necessary to produce a Treasury Management strategy, including an investment strategy, a minimum revenue provision policy statement and set prudential indicators for the following three years.

3. The Council is currently undertaking a series of significant capital schemes that will realise revenue savings over the following 30 years. This high level of upfront capital investment will contribute to the rise in the Council's underlying need to borrow from the current level of approximately £136.1m in 2010/11 to a high of £182.1 over the next 5 years. The borrowing strategy aims to minimise the risks to the Council of borrowing large amounts in a single year by giving the Council the flexibility to borrow in advance of need or reduce the amount of borrowing taken, in order to take advantage of favourable borrowing and investment interest rates as they arise.

4. The annual investment strategy reviews the projected interest rates over the next 3 years until the 2011/12 financial years, and seeks to maximise the returns to the Council whilst minimising the risks involved in placing deposits on the money market.

Background

Statutory requirements

5. The Local Government Act 2003 and supporting regulations requires the Council to set out its Treasury Management Strategy for Borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) that sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

6. As part of the strategy, the Local Government Act 2003 and supporting regulations also requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for a minimum of the next three years to ensure the Council's capital investment plans are affordable, prudent and sustainable. The strategy therefore is affected by the Council's capital spending plans, as set out in the capital programme budget 2011/12 to 2015/16 report and the revenue implications of these that are reflected in the revenue budget report, both presented to Full Council on 24 February 2011.

7. The Department of Communities and Local Government has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009.

CIPFA requirements

8. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by this Council on 25 February 2010.

9. The primary requirements of the Code are as follows:
   a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities. This was adopted and approved at Full Council on 25 February 2010.
   b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
   c) Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.

d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. This Council approved the delegated body as the Audit & Governance Committee on 25 February 2010.

10. The suggested strategy for 2011/12 in respect of the following aspects of the treasury management function is based upon the Director of Customer & Business Support Services views on interest rates, supplemented with market forecasts provided by Sector Treasury Services, the Council's treasury management advisor. The strategy covers:

- Balanced Budget Requirement
- Treasury limits in force which will limit the treasury risk and activities of the Council
- Prudential Indicators
- Current treasury position Prospects for interest rates Economic Background
- Borrowing strategy
- Policy on Borrowing in advance of need
- Policy on gross and net debt
- Debt rescheduling
- Investment Policy
- Creditworthiness Policy
- Investment Strategy
- Minimum Revenue Provision strategy
- Policy on external advisers
- Scheme of Delegation / Role of the Section 151 Officer

Balanced Budget Requirement

11. It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

a) increases in interest charges caused by increased borrowing to finance additional capital expenditure, and

b) any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

12. For 2011/12 the treasury management revenue budget will rise by £1,131k to £12,867 from £11,736k in 2010/11. This rise is predominantly due to an increase in interest paid on borrowing in line with the capital investment requirements of the capital programme. There is little impact on the

budget from the principal repayments of debt known as the minimum revenue provision. This is calculated in accordance with the minimum revenue provision policy statement detailed later in this report. The forecast of interest to be earned in 2011/12 remains low in the historically low investment interest rate environment.

Treasury Limits 20010/11 –2014/15

13. 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 "Authorised Borrowing Limit", and represents the legislative limit specified in the Act. Within this limit there is an "Operational Boundary", which is the maximum level of debt allowed for on going operational purposes. In reality the operational limit would only be breached as a result of in year cash flow movements.

14. The Council must have regard to the Prudential Code when setting the Authorised and Operational Limits which essentially requires the Council 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 authorised limit and operational limit have been reviewed in light of the capital investment plans, as set out in the capital programme, and rebased for 2011/12. They now stand at £222m and £202m respectively.

15. The "Authorised Borrowing Limit" incorporates external borrowing and other forms of liability, such as credit arrangements. Both the Authorised Borrowing Limit and Operational Boundary are set on a rolling basis for the forthcoming financial year and two successive financial years as set out in the Prudential Code. Details of these limits can be found in Annex A of this report – Prudential Indicators 2011/12 to 2015/16

Prudential and Treasury Indicators 2011/12 to 2015/16

16. Prudential and Treasury Indicators attached at Annex A are required under legislation for the purposes of setting an integrated treasury management strategy.

17. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised 2009 Code was adopted by the full council on 25 February 2010.

Current Treasury Management Portfolio Position

18. The Council's current treasury portfolio position at 31 January 2011 is detailed below in Table 1:

Institution Type	Principal	Average Rate
Public Works Loan Board (PWLB) – Money borrowed from the Debt Mgt Office (Treasury Agency)	£111.1m	4.07%
Market Loans Club Loan – A loan taken in conjunction with 2 other Authorities LOBO Loan – Lender Option Borrower Option Local Authority Loan – One year	 £10.0m £10.0m £5.0m	 7.155% 3.74% 0.70%
Total Gross Borrowing	**£136.065**	**4.148%**
Total Investments	**£ 58.900**	**1.18%**
Net Debt	£ 77.165	

Table 1 – Current treasury portfolio position

19. The Council currently has £136.1m of fixed interest rate debt with an average life of loan of 19 years and average cost of debt of 4.148%. The Council currently has no variable rate borrowing. The Council is only permitted to borrow to invest in capital projects, unless permitted to do otherwise by the Government. Therefore the majority of the Councils existing debt is secured against its asset base.

20. Figure 1 shows the Councils current debt maturity structure as at 31 January 2011:

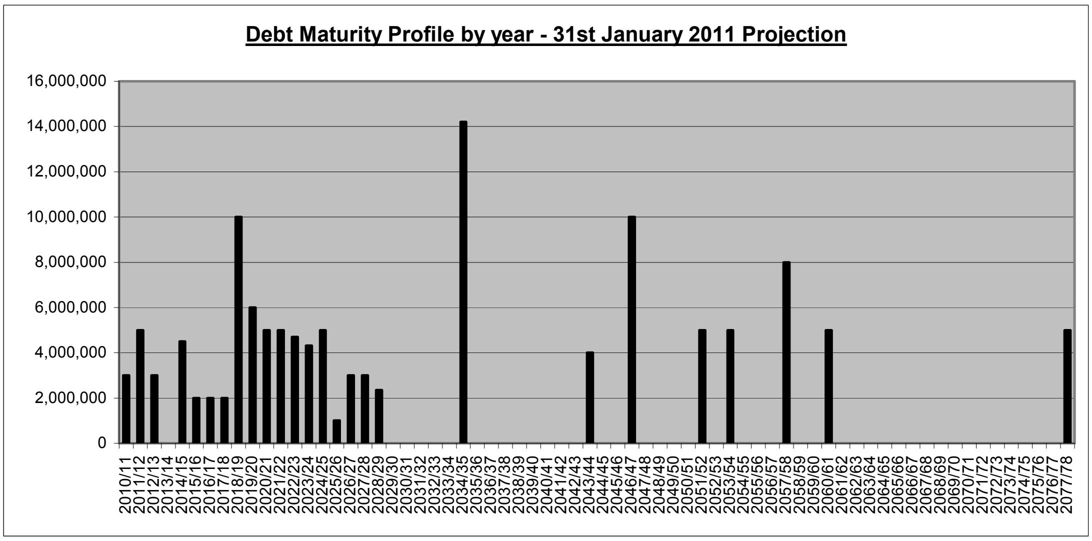

Figure 1 – Debt Maturity Profile as at January 2011

21. The Council's total investments at 31 January 2011 was £58.9m of which £17.1m were held in instant access call accounts, £17.9m in instant access money market funds and £23.9m invested in fixed term deposits on the UK money market.

Prospects for Interest Rates

22. Current interest rates and the future direction of both long term and short term interest rates have a major influence on the overall treasury management strategy and affects both investment and borrowing decisions. To facilitate treasury management officers in making informed investment and borrowing decisions the Council contracts Sector Treasury Services as its treasury advisor. Part of their service is to assist the Council in formulating a view on interest rates. Annex B draws together a number of current forecasts for short term (Bank Rate) and longer fixed interests rates. Table 2 gives Sector Treasury Services Bank Rate forecast:

Year	2010/11	2011/12	2012/13	2013/14
Rate	0.50%	1.00%	2.25%	3.25%

Table 2 – Sector's Bank Rate forecast for financial year ends

23. Sector Treasury services view of fixed long term borrowing rates (PWLB) and the base rate are also shown below in Figure 2.

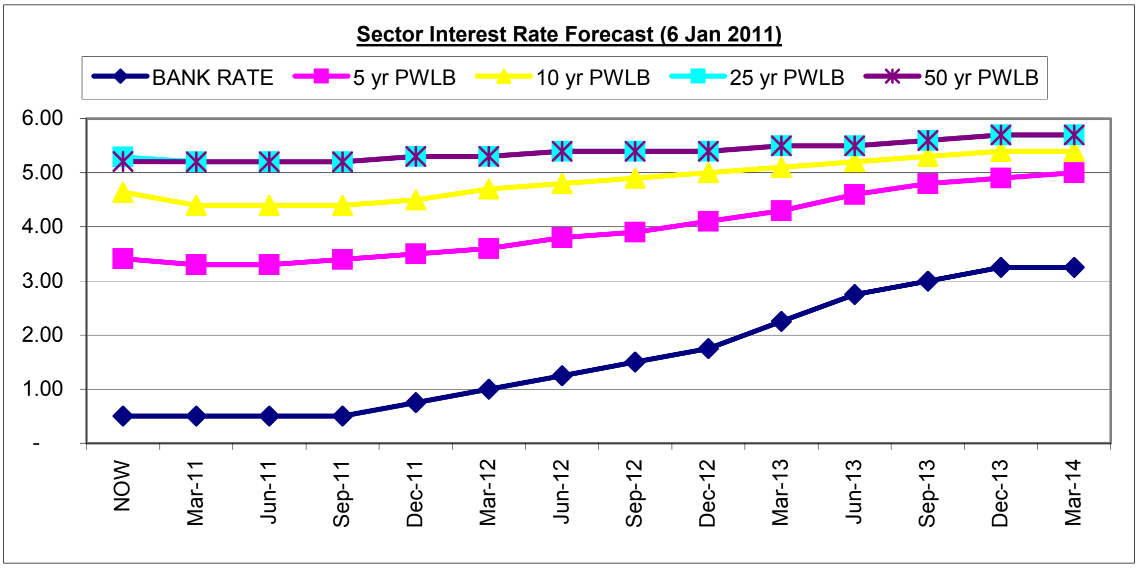

Figure 2 – Sector interest rate forecast

24. The graph clearly shows that the base rate and the range of PWLB borrowing rates are forecast to rise in the foreseeable future. Borrowing rates in 2011/12 are between 3.30% and 5.30%, they then rise at the end of 2013/14 to between 5% and 6%. There is a downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

Economic Background

25. A detailed view of the current economic background is contained within Annex C and assists in the formulation of the treasury management strategy as it details the current economic and market environment.

Borrowing Strategy

~~26.~~ The Council undertakes long term borrowing in accordance with the investment requirements of the capital programme. The council's borrowing is described as either "supported" or "prudential". If borrowing is funded by the Government through the Revenue Support Grant (RSG), which provides the Council with revenue funding to allow it to meet the interest and repayment costs of borrowing, this is known as supported borrowing. If the Council borrows without Government support, under the Prudential Code, Councils are free to borrow up to a level that is deemed prudent, affordable and sustainable and within their prudential indicator limits. This is known as prudential borrowing.

27. In 2011/12, under the Comprehensive Spending Review borrowing ceased to be "supported" by the Government through RSG. Therefore, as it currently stands in future all borrowing is of a prudential nature as in accordance with Council's priorities and it has to be affordable, sustainable and prudent. It is estimated that the capital financing requirement in 2011/12 will be around £20m. This includes projects such as the Administrative Accommodation Rationalisation Project, the pools strategy, West of York Recycling site, Community Stadium, Highways resurfacing & reconstruction, assisting in independent living etc., more detail is found in the capital programme budget report 2011/12 to 2015/16 also included on this Executive agenda.

28. As a result of the Capital programme 2011/12 to 2015/16 the borrowing requirement is projected to increase significantly from its current level of £136.1m in 2010/11 to a high of £182.1 over the next 5 years. The treasury management and borrowing strategy needs to reflect this position when considering the current economic and market environment. The Sector forecast for PWLB borrowing rates for future years is detailed below in table 3:

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Mar-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	2.25%	3.25%
5yr PWLB rate	3.30%	3.30%	3.40%	3.50%	3.60%	4.30%	5.00%
10yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.70%	5.10%	5.40%
25yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%
50yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%

Table 3 – Forecast of PWLB Borrowing Rates

29. The borrowing strategy is influenced by the above interest rate forecast. The interest rate forecast shows that borrowing rates are estimated to rise substantially over the next 3 years and the base rate, although rising, remains at historically low levels and below the borrowing rates.

Therefore, the borrowing strategy will be to lock into some long term borrowing in 2011/12 whilst interest rates are lower than in the coming years, but also give consideration to running down the investment portfolio as this is currently the cheapest form of borrowing. This balanced strategy will assist in stabilising the treasury management budget in future years but also allow the flexibility to utilise the changing interest rate environment to the best opportunity for the Council.

30. The Council's borrowing strategy is based on the following opportunities:

    a) The cheapest form of borrowing will be internal borrowing which is the running down of surplus cash balances cash balances. This foregoes the interest that would have been earned at historically low rates on investments but saves the interest that would have been paid on higher borrowing rates. That said, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential longer term costs of the opportunity missed for taking loans at long term rates which will be higher in future years. However, there remains volatility in the market so favourable rates should still be available.
    b) Temporary borrowing from the money markets or other local authorities
    c) PWLB variable rate loans in the short term for up to 10 years
    d) Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.
    e) PWLB borrowing for periods under 10 where rates are expected to be significantly lower than rates for longer periods.

31. External borrowing will be taken throughout the financial year when interest rates seem most favourable. A target interest rate in light of table 3 above is 5%. Consideration will also be given to the maturity profile of the debt portfolio so the Council is not exposed to the concentration of debt being in any one year.

32. External borrowing for the timing in shortfall of Capital receipts will be kept at the very short end - 1 or 2 years - in order to spread the interest rate cost over a number of years until budget pressures have eased and the capital receipt realised.

33. Caution in this approach will be adopted by the Director of Customer & Business Support Services (Section 151 Officer), the interest rate market will be monitored and a pragmatic approach adopted to changing circumstances, reporting any decisions as part of the monitoring cycle.

34. The main sensitivities of the forecast are likely to be the two scenarios below. The Treasury Management team in conjunction with the 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 fall in long and short term rates, due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

- if it were felt that there was a significant risk of a much sharper rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or sudden increase in inflation risks, 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

Policy on Borrowing in advance of need

35. The Council will not borrow “in advance of” or “more than” its need, purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance of need will be considered carefully in accordance with the capital programme to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

36. In determining whether borrowing will be undertaken in advance of need the Council will:
    a) ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
    b) ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
    c) evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
    d) consider the merits and demerits of alternative forms of funding
    e) consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
    f) consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them

37. The borrowing requirement is projected to increase significantly from its current level of £136.1m in 2010/11 to £182.1m over the next 5 years in line with the capital programme budget report 2011/12 to 2015/16. Borrowing rates are forecast to rise in the future years in the current economic environment, whereas the level of investment rates are forecast to be lower.

38. Consideration will be given to borrowing in advance of need to seek to minimise the risk of being required to borrow a large amount of money in a single year. The strategy therefore allows borrowing to be taken in advance of need if interest rates are at favourable levels or not to borrow until future years if borrowing rates remain above investment rates.

Policy on Gross and Net debt

39. The revised Prudential Code now requires each authority to explain its policy on gross and net debt if there is a significant difference between them. This Council currently has a difference between gross debt, £136.1m, and net debt, £111.1m, (after deducting cash balances), of £25.0m.

Comparison of gross and net debt position at year end							
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual	Probable	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross external debt	116.1	136.1	179.6	182.1	176.1	172.5	169.0
Cash balances	25.9	25.0	30.0	30.0	30.0	30.0	30.0
Net debt	**90.2**	**111.1**	**149.6**	**152.1**	**146.1**	**142.5**	**139.0**

Table 4 – Comparison of Gross and Net Debt

40. The general aim of this treasury management strategy is to reduce the difference between the two debt levels over the next three years, (taking into account the forecast of interest rates) in order to reduce the credit risk incurred by holding investments. Important factors to consider are the (i) forecast of interest rates and (ii) the difference between borrowing rates and investment rates. This will ensure the Council obtains "value for money" once an appropriate level of risk management has been attained to ensure the security of its investments.

41. The next financial year is again expected to be one of historically abnormally low Bank Rate. Therefore, over the next three years, investment rates are expected to be below long term borrowing rates and consideration will be given to reducing the level of the investment portfolio to support the capital investment requirement. This would maximise short-term savings.

42. However, the benefits of short term savings by avoiding new long term external borrowing in 2010/11 will also be analysed against the potential for incurring additional extra costs in the long term from delaying unavoidable new external borrowing in later years when PWLB long term rates are forecast to be higher.

43. The Council continues to examine the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the

difference between its gross and net debt positions. However, the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has potentially meant that large premiums would be incurred by such action; such levels of premiums are unlikely to be justifiable on “value for money grounds”. This situation will continued to be monitored in case these differentials are narrowed by the PWLB at some future date.

44. Against this background caution will be adopted with the 2011/12 treasury operations. The Director of Customer Business and Support Services (S151 officer) will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the next available opportunity.

Debt Rescheduling

45. Prior to November 2007, it was often advantageous to reschedule one Public Works Loans Board (PWLB) loan for another PWLB loan, in order to make a saving on the Council’s budget. However, since then, with the PWLB introducing a spread between the interest rates “applied” to new borrowing and repayment of debt and the affects of the Comprehensive Spending Review on 20 October 2010 - a considerable further widening of the difference between new borrowing and repayment rates - restructuring PWLB to PWLB debt is now much less attractive.

46. In particular, consideration has to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. Some interest savings might still be achievable through using LOBO (Lenders Option Borrowers Option) market loans (or other market loans) in rescheduling exercises, rather than using PWLB borrowing as the source of replacement financing.

47. As short term borrowing rates will be considerably cheaper than longer-term rates, there maybe opportunities to generate savings by switching from long term debt to short-term debt. However, these savings will need to be considered in the light of their short-term nature, the costs of premiums involved and the likely cost of refinancing those short-term loans, once they mature.

48. The reasons for any rescheduling to take place will include:

a) the generation of cash savings and / or discounted cash flow savings;
b) helping to fulfil the strategy outlined above, and
c) enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

49. Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

50. Any rescheduling will be reported in accordance with the usual monitoring cycle.

Investment Policy

51. The Council will have regard to the department of Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the 2009 CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

52. The Council's investment priorities are the security of capital and the liquidity of its investments. The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of it investments, see later in the section of the Creditworthiness Policy.

53. The borrowing of monies specifically to invest or lend on and make a return is unlawful and the Council will not engage in such activity.

54. In accordance with "the Guidance" it is necessary in the strategy to determine investment instruments which are identified for use in the financial year. The investment instruments are classed under "specified" and "non-Specified" investments categories and are detailed in Annex D. It is also a requirement to set limits for the institutions in which the Council will invest their surplus funds - Counterparties limits. These are set out in the later section - the Investment Strategy.

55. Consideration will be given throughout the year, and approval requested where necessary, to the alteration of the "specified" and "non-specified" investment categories to allow the continued effective management of the Councils treasury management operations. The Council continues to take a prudent approach to investing funds as set out in the Creditworthiness Policy below.

Creditworthiness Policy

56. This Council uses the creditworthiness service provided by Sector Treasury Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, which forms the core element. It does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies

- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

57. This modelling approach combines credit ratings, credit watches, credit outlooks and CDS (Credit Default Swap) spreads in a weighted scoring system for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much-improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

58. The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands*:*
    - Yellow 5 years
    - Purple 2 years
    - Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
    - Orange 1 year
    - Red 6 months
    - Green 3 months
    - No colour not to be used

59. This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys are currently very much more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue preponderance to just one agency's ratings.

60. All credit ratings will be monitored on an ongoing basis as information is provided weekly basis and also adhoc**.** The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service:
    - If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
    - In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis.

Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

61. Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and information, information on government support for banks and the credit ratings of that government support.

62. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex E. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

Investment Strategy

63. The Council's in-house funds are mainly cash flow derived. Investments will accordingly be made with reference to the core balance, cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). The Council uses matrices that stipulate both time and financial limits in order to spread counterparty (credit) risk when investing money with approved counterparties. The matrices are based on the projected average balance for the year. Therefore for 2011/12 (as for 2010/11) with the average balance forecast to be circa £60m, the matrix stipulates a limit for £8m for counterparties with a durational band of 3 months and £15m longer than 3 months.

64. The market interest rate outlook for 2010/11 is based on the position of the Bank Rate. The Bank Rate has been unchanged at 0.50% since March 2009 but is forecast to commence rising in quarter 4 of 2011 and then to rise steadily from thereon. Bank rate forecast for financial year-end (March) are: 2009/10:0.5%, 2010/11:1.5%, 2011/12:3.5%, 2012/13:4.5%

65. There is downside risk to these forecasts economic growth is weaker than expected. There is also a risk that the MPC could decide to start raising Bank Rate in quarter 3 of 2011 if it feels it needs to defend its credibility in containing inflation and the inflation expectations of the public.

66. The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this council.

67. For 2011/12, in the current economic environment, the Council has budgeted for an investment return target of 1.5% on investments placed during the financial year. For its cash flow generated balances, the Council will seek to utilise short dated fixed term deposits along with

instant access business reserve accounts (call accounts) and money market funds in order to benefit from the compounding of interest.

68. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Minimum Revenue Provision (MRP) Policy Statement

69. Statutory Instrument (SI) 2008 no.414 s4 explains that a local authority shall determine for the current financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This SI is an amendment and stands along side the previous requirement to comply with regulation 28 in SI 2003 no.3146. In accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003, a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year.

70. The Council are legally obliged to "have regard" to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The four options are:

    a) The regulatory method – 4% of the borrowing outstanding;
    b) The Capital Financing Method – 4% of the Council's Capital Financing Requirement;
    c) The Depreciation Method – repayment of the debt over its depreciation life;
    d) The Asset Life Method – repayment over the life of the asset to which the borrowing has been taken to fund.

71. Options a and b have broadly the same impact on the Council and the DCLG states are only used for the government supported borrowing, which mainly relates to the more historic debt liability. Option c would take the maximum repayment period to 40 years on operational land and buildings. Option d would take the maximum repayment period up to 60 years for some assets.

72. There are merits in adopting all the options, however, in terms of prudence it is recommended that the Council adopts option a for government supported borrowing and option d for unsupported borrowing, with a caveat that the asset life is an absolute maximum and wherever possible the debt should be repaid over a shorter period. Estimated asset life periods will be determined under delegated powers. To this end it is recommended that the standard repayment period should be up to 25 years or less if the asset life is shorter, unless approval is sought to

extended the repayment provision over a longer period and a formal business case is made to the Director of Customer & Business Support Services.

73. It should be noted that with all debts, the longer the repayment period the more is paid in interest over the period of the loan. It is therefore deemed as prudent to reduce the period over which the repayments are made.

Policy on use of External Service providers

74. The Council uses Sector Treasury Services as its external treasury management advisers.

75. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

76. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Scheme of Delegation and the Role of the Section 151 Officer

77. Those charged with governance are responsible for the treasury management activities and these need to be clearly defined within the organisation. Attached at Annex F are the Treasury Management Scheme of Delegation and also the Treasury Management role of the section 151 officer (Director of Customer & Business Support Services).

Consultation and Options

78. 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, to enable effective treasury management, all operational decisions are delegated by the Council to the Director of Customer & Business Support Services, who operates within the framework set out in this strategy and through the Treasury Management Policies and Practices. In order to inform sound treasury management operations the Council works with its Treasury Management advisers, Sector Treasury Services. Sector Treasury Services 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.

79. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians. The revenue budget and capital budget proposals are included within this agenda.

~~80.~~ At a strategic level, there are a number of treasury management options available which depend on the Council's stance on interest rate movements. The report sets out the Council's stance and recommends the setting of key trigger points for borrowing and investing over the forthcoming financial year.

Corporate Priorities

81. The Treasury Management Strategy Statement and Prudential Indicators are aimed at ensuring the Council maximises its return on investments and minimises the cost of its debts. This will allow more resources to be freed up to invest in the Council's priorities, values and imperatives, as set out in the Corporate Strategy.

Implications

- **Financial** – The revenue implications of the treasury strategy are set out in the Revenue Budget report also on this agenda.
- **Human Resources (HR)** – None
- **Equalities** – None
- **Legal** – Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England**)** (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.
- **Crime and Disorder** – None
- **Information Technology (IT)** – None
- **Property** – None

Risk Management

82. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Recommendations

83. The Executive are asked to recommend that Council approve:

    a. The proposed Treasury Management Strategy for 2011/12 including the annual investment strategy and the minimum revenue provision policy statement;
    b. The Prudential Indicators for 2011/12 to 2015/16 (Annex A);
    c. The Specified and Non-specified investments schedule (Annex D)
    d. The Scheme of Delegation and the Role of the Section 151 Officer (Annex F)

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

Contact Details

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Ian Floyd
Director of Customer and Business Support Services

Report Approved √ **Date** 15/02/11

Specialist Implications Officer(s)
N/a

Wards Affected: **All** √

For further information please contact the author of the report

Background Papers
2010/11 monitoring workings
Prudential Indicator Workings 2010/11 to 15/16
Treasury Management budget 2011/12
Capital Budget Control 2010/11 to 2015/16.
Sector Treasury Services -Treasury Management Advisers Commentary.

Annexes
Annex A – Prudential and Treasury Indicators 2010/11– 2015/16
Annex B – Interest Rate Forecast
Annex C – Economic Background
Annex D – Specified and Non-Specified Investments categories Schedule
Annex E – Approved countries for investments
Annex F – Scheme of Delegation and the Role of the Section 151 Officer

Annex A

	PRUDENTIAL INDICATORS		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
			Probable Outturn	estimate	estimate	estimate	estimate	estimate
1)	**Capital Expenditure**		£'000	£'000	£'000	£'000	£'000	£'000
	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	57,621	51,478	43,392	22,090	12,348	4,641
		HRA	7,305	7,305	8,575	7,128	8,973	6,772
		TOTAL	**64,926**	**58,783**	**51,967**	**29,218**	**21,321**	**11,413**
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	8.95%	9.59%	10.11%	9.73%	9.26%	8.81%
		HRA	2.50%	2.06%	2.15%	2.14%	2.08%	2.05%
3)	**Incremental impact of capital investment decisions - Council Tax**		£ p	£ p	£ p	£ p	£ p	£ p
	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.	Increase in Council Tax (band D) per annum	21.72	22.85	27.06	6.32	0.88	0.00
4)	**Incremental impact of capital investment decisions - Hsg Rents**		£ p	£ p	£ p	£ p	£ p	£ p
	Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.	Increase in average housing rent per week	0.00	0.00	0.00	0.00	0.00	0.00
5)	**Capital Financing Requirement as at 31 March**		£'000	£'000	£'000	£'000	£'000	£'000
	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	143,623	160,738	163,182	157,181	153,637	150,082
		HRA	18,869	18,869	18,869	18,869	18,869	18,869
		TOTAL	**156,779**	**179,607**	**182,051**	**176,050**	**172,506**	**168,951**

6a)	**Authorised Limit for external debt -**		£'000	£'000	£'000	£'000	£'000	£'000
	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	192	212	212	212	206	204
		other long term liabilities	0	10	10	10	10	10
		TOTAL	192	222	222	222	216	214
6b)	**Operational Boundary for external debt -**		£'000	£'000	£'000	£'000	£'000	£'000
	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	172	192	192	192	186	183
		other long term liabilities	0	10	10	10	10	10
		TOTAL	172	202	202	202	196	193
7)	**Adoption of the CIPFA in Public Services: Code of Practice and Cross-Sectoral Guidance Notes**	Recommended in the Treasury Management Strategy 2010/11 to 2014/15						
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 principal re fixed rate borrowing / investments	148%	110%	110%	110%	111%	111%
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 principal re variable rate borrowing / investments	-48%	-10%	-10%	-10%	-11%	-11%

			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
9)	**Upper limit for total principal sums invested for over 364 days**		£'000	£'000	£'000	£'000	£'000	£'000
	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.	Upper Limit	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
10)	**Maturity structure of new fixed rate borrowing during 2006/07**		Upper Limit	Lower Limit				
	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 where loans are maturing. The Council therefore sets limits whereby long term loans mature in different periods thus spreading the risk.	under 12 months	30%	0%				
		12 months and within 24 months	30%	0%				
		24 months and within 5 years	35%	0%				
		5 years and within 10 years	40%	0%				
		10 years and above	90%	30%				

Glossary Of Abbreviations

HRA Housing Revenue Account

SORP Statement of Recommended Practice - for Local Authority Accounting

CYC City of York Council

CFR Capital Financing Requirement

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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 Treasury Services interest rate forecast – 06/01/11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.25%	2.75%	3.00%	3.25%	3.25%
3 month LIBID	0.60%	0.70%	0.80%	1.00%	1.25%	1.50%	1.75%	2.00%	2.50%	3.00%	3.25%	3.50%	3.50%
6 month LIBID	0.90%	1.00%	1.10%	1.20%	1.50%	1.80%	2.10%	2.40%	2.80%	3.20%	3.50%	3.80%	4.00%
12 month LIBID	1.40%	1.50%	1.60%	1.80%	2.10%	2.40%	2.70%	3.00%	3.20%	3.40%	3.65%	4.00%	4.20%
5yr PWLB rate	3.30%	3.30%	3.40%	3.50%	3.60%	3.80%	3.90%	4.10%	4.30%	4.60%	4.80%	4.90%	5.00%
10yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%	5.40%	5.40%
25yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%	5.70%
50yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%	5.70%

Capital Economics interest rate forecast – 12.01.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	2.00%
5yr PWLB rate	3.20%	3.20%	3.00%	2.75%	2.75%	2.90%	3.00%	3.20%	3.40%	3.60%	3.90%	4.20%
10yr PWLB rate	4.75%	4.75%	4.25%	3.75%	3.75%	3.75%	3.75%	3.75%	3.90%	4.00%	4.30%	4.60%
25yr PWLB rate	5.25%	5.25%	4.85%	4.65%	4.65%	4.65%	4.65%	4.65%	4.75%	4.85%	5.10%	5.30%
50yr PWLB rate	5.30%	5.30%	5.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.10%	5.20%	5.30%

UBS interest rate forecast (for quarter ends) – 06/01/11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Bank rate	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%
10yr PWLB rate	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
25yr PWLB rate	5.25%	5.30%	5.35%	5.40%	5.45%	5.50%	5.55%	5.60%
50yr PWLB rate	5.35%	5.40%	5.45%	5.50%	5.55%	5.60%	5.65%	5.70%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury December 2010

The current Q4 2010 and 2011 forecasts are based on the December 2010 report. Forecasts for 2010 – 2014 are based on 32 forecasts in the last quarterly forecast – in November 2010.

BANK RATE FORECASTS		quarter ended		annual average Bank Rate			
	actual	Q4 2011		ave. 2011	ave. 2012	ave. 2013	ave. 2014
Median	0.50%	2.00%		0.90%	1.60%	2.40%	3.00%
Highest	0.50%	0.50%		2.10%	3.10%	3.60%	4.50%
Lowest	0.50%	0.80%		0.50%	0.50%	0.60%	1.20%

Annex C

Economic Background

Global economy

1. The sovereign debt crisis peaked in May 2010 prompted, in the first place, by major concerns over the size of the Greek government's total debt and annual deficit. However, any default or write down of Greek debt would have substantial impact on other countries, in particular, Portugal, Spain and Ireland. This crisis culminated in the EU and IMF putting together a €750bn support package in mid May. A second crisis, this time over Ireland in November, culminated in Ireland also having to take a bail out. At the time of writing (early January 2011) there is major concern that Portugal will also shortly need to take a bail out. That, in turn, would then stoke major concerns as to whether the current size of the bail out facility put together by the EU and IMF would be big enough to cope with any crisis that then blew up over Spanish government debt.

2. The unexpectedly high rate of growth in quarters 2 and 3 of 2010 in the UK and the Euro zone in Q2 were driven by strong growth in the construction sector catching up from inclement weather earlier in the year and by other short term factors not expected to be enduring; general expectations are for anaemic (but not negative) growth in 2011 in the western world.

UK economy

3. Following the general election in May 2010, the coalition government has put in place an austerity plan to carry out correction of the public sector deficit over the next five years. The result of fiscal contraction will be major job losses during this period, in particular in public sector services. This is likely to have a knock on effect on consumer and business confidence and appears to have also hit the housing market as house prices started on a generally negative trend starting in mid 2010. Mortgage approvals are also at very weak levels, all of which indicates that the housing market is likely to be weak in 2011.
4. **Economic Growth** – GDP growth is likely to have peaked in the current period of recovery at 1.2% in quarter 2 of 2010. Growth in quarter 3 @ +0.7% was also unexpectedly high. However, the outlook is for anaemic growth in 2011/12 although the Bank of England and the Office for Budget Responsibility are forecasting near trend growth (2.5%) i.e. above what most forecasters are currently expecting.
5. **Unemployment** – the trend of falling unemployment (on the benefit claimant count) has now been replaced since July 2010 with small increases which may be the start of a new trend for some years ahead of rising unemployment.
6. **Inflation and Bank Rate** – CPI has remained high during 2010. It peaked at 3.7% in April and then gradually declined to 3.1% in September (RPI 4.6%).

However, the outlook from there is a rising trend which could even reach as much as 4% in early 2011 before starting to subside again. Although inflation has remained stubbornly above the MPC's 2% target, the MPC is confident that inflation will fall back under the target over the next two years.

7. The Bank of England finished its programme of quantitative easing (QE) with a total of £200bn in November 2009. However, major expectation that there could be a second round of quantitative easing in late 2010 or early 2011, to help support economic growth, has evaporated after the surprises of the Q3 GDP figure of +0.7% and the November Inflation Report revising the forecast for short term inflation sharply upwards.
8. Sector's central view is that there is unlikely to be any increase in Bank Rate until the end of 2011.
9. **AAA rating** – prior to the general election, credit rating agencies had been issuing repeated warnings that unless there was a major fiscal contraction, then the AAA sovereign rating was at significant risk of being downgraded. Sterling was also under major pressure during the first half of the year. However, after the Chancellor's budget on 22 June, Sterling strengthened against the US dollar and confidence has returned that the UK will retain its AAA rating. In addition, international investors viewed UK government gilts as being a safe haven from EU government debt during mid 2010. The consequent increase in demand for gilts helped to add downward pressure on gilt yields and PWLB rates.

Sector's forward view

10. It is currently difficult to have confidence as to exactly how strong UK economic growth is likely to be during 2011/12, and there are a range of views in the market. Sector has adopted a moderate view. There are huge uncertainties in all forecasts due to the major difficulties of forecasting the following areas:
    - the strength / weakness of economic growth in our major trading partners - the US and EU
    - the danger of currency war and resort to protectionism and tariff barriers if China does not adequately address the issue of its huge trade surplus due to its undervalued currency
    - the degree to which government austerity programmes will dampen economic growth and undermine consumer confidence
    - changes in the consumer savings ratio
    - the speed of rebalancing of the UK economy towards exporting and substituting imports
    - the potential, in the US, for more quantitative easing, and the timing of this , and its subsequent reversal in both the US and UK
    - the speed of recovery of banks' profitability and balance sheet imbalances and the consequent implications for the availability of credit to borrowers

- the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economy
- political risks in the Middle East and Korea

11. The overall balance of risks is weighted to the downside and there is some residual risk of a double dip recession and deleveraging, creating a downward spiral of falling demand, falling jobs and falling prices, although this is currently viewed as being a small risk.

12. Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries

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Annex D

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**
Term Deposits with nationalised banks and banks and building societies operating with government guarantees		
Debt Management Agency Deposit Facility	Long term AAA	In-house
Term deposits – local authorities	Long term AAA	In-house
Term deposits – banks and building societies	Coded: Orange on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house
Collateralised deposit	UK Sovereign rating / Long term AAA	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	UK Sovereign rating / Long term AAA	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies covered by UK Government banking support package	UK Sovereign rating / Long term AAA	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies NOT covered by UK Government banking support package	Fitch's rating: UK sovereign rating or Short-term F1+, Long-term AA-, Individual B, Support 2 or equivalent rating from Standard& Poors and Moodys	In-house and Fund Mangers
UK Government Gilts	UK Sovereign rating / Long term AAA	In-house buy and hold and Fund Managers
Bonds issued by multilateral development banks	Long term AAA	In-house buy and hold and Fund Managers
Bonds issued by a financial institution which is guaranteed by the UK government	UK Sovereign rating / Long term AAA	In-house buy and hold and Fund Managers
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold and Fund Managers
Treasury Bills	UK Sovereign rating	Fund Managers
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	Short-term F1, Long-term AAA	In-house and Fund Managers

	Volatility rating	
2. Money Market Funds	Short-term F1, Long-term AAA Volatility rating	In-house and Fund Managers
.3. Enhanced cash funds	Short-term F1, Long-term AAA Volatility rating	In-house and Fund Managers
4. Bond Funds	Long-term AAA Volatility rating	In-house and Fund Managers
5. Gilt Funds	Long-term AAA Volatility rating	In-house and Fund Managers

Since the credit crunch crisis there have been a number of developments that require separate clarification. In the table there is mention of the “uk government banking support package” which when initially announced covered the following banks:

- Abbey (now Santander)
- Barclays
- HBOS (now part of the Lloyds group)
- Lloyds TSB
- HSBC
- Nationwide Building Society
- RBS
- Standard Chartered

Banks eligible for support under the UK bail-out package and which have issued debt guaranteed by the Government are eligible for a continuing Government guarantee when debt issues originally issued and guaranteed by the Government mature and are refinanced. However, no other institutions can make use of this support as it closed to new issues and entrants on 28.2.10. The banks which have used this explicit guarantee are as follows: -

- Bank of Scotland
- Barclays
- Clydesdale
- Coventry Building Society
- Investec bank
- Nationwide Building Society
- Rothschild Continuation Finance plc
- Standard Life Bank
- Tesco Personal Finance plc
- Royal Bank of Scotland
- West Bromwich Building Society
- Yorkshire Building Society

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, a review of the accounting implications of new transactions will be occur before they are undertaken.

NON-SPECIFIED INVESTMENTS*:*
A maximum of 100% can be held in aggregate in non-specified investment

1. Maturities of ANY period

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – banks and building societies	Coded: red and green on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	100%	3-6 Months
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house	40%	1 Year
Certificates of deposits issued by banks and building societies NOT covered by UK Government guarantee	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house buy and hold and Fund Managers	30%	1 Year
Commercial paper issuance covered by a specific UK Government guarantee and issued by banks covered by the UK bank support package	UK Sovereign rating / Long term AAA	In-house and Fund Managers	30%	1 Year
Commercial paper other	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house	30%	1 Year
Corporate Bonds issued by UK banks covered by the UK bank support package and UK Government guarantee: the use of these investments would constitute capital expenditure	UK Government explicit guarantee	In-house and Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Corporate Bonds other: the use of these investments would constitute capital expenditure	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house and Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Other debt issuance by UK banks covered by UK Government guarantee	UK Government explicit guarantee	In-house and Fund Managers	30%	
Floating Rate Notes: the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank	Long-term AAA	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure

Property fund: the use of these investments would constitute capital expenditure	--	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Local Authority mortgage guarantee scheme	Short-term F1+, Long-term AA-, Individual B, Support 2	In-house		

2. Maturities in excess of 1 year

Term deposits – local authorities	--	In-house	10%	> 1 year
Term deposits – banks and building societies	Coded: Purple on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	UK Sovereign / Long Term AAA	In house and Fund Managers	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by the UK government banking support package	UK Sovereign / Long Term AAA	In house and Fund Managers	10%	> 1 year
Certificates of deposits issued by banks and building societies NOT covered by the UK government banking support package	Short-term F1+, Long-term AA-, Individual B, Support 2	In house and Fund Managers	10%	> 1 year
UK Government Gilts	UK Sovereign rating / Long term AAA	In-house and Fund Managers	10%	> 1 year
Bonds issued by multilateral development banks	Long term AAA	In-house and Fund Managers	10%	> 1 year
Sovereign bond issues (i.e. other than the UK govt)	Long term AAA	In-house and Fund Managers	10%	> 1 year
Collective Investment Schemes structure as open Ended Investment Companies (OEICs)				
1. Bond Funds	Long-term AAA Volatility rating	In-house and Fund Managers		
2. Gilt Funds	Long-term AAA Volatility rating	In-house and Fund Managers		

Annex E

Approved countries for investments

AAA

- Canada
- Denmark
- Finland
- France
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.K.
- U.S.A.

AA+

- Australia
- Belgium
- Hong Kong

AA

- Japan
- Kuwait
- Qatar (AA S&P rating)
- UAE

AA-

- Italy
- Saudi Arabia

The Council's creditworthiness policy in the main body of the report explains the prudent approach that is taken at the Council. The Council only uses approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). Current investments are only held with AAA or AA+ rated countries.

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Annex F

Treasury Management Scheme of Delegation

(i) Executive / Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy and annual outturn

(ii) Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations

(iii) Audit & Governance Committee

- receiving and scrutinising reports on treasury management policies, practices and activities
- scrutinising the annual strategy, annual outturn and quarterly updates.

(iv) Director of resources (Section 151 Officer)

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- Approving the selection of external service providers and agreeing terms of contract in accordance with the delegations in financial regulations.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

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CITY OF YORK COUNCIL

Executive 15 February 2011

Report of Director of Customer and Business Support Services

Creating a Local Authority Company

Summary

1. Executive are asked to approve the creation of a local authority company through which the Council will be able to provide services and carry out works for profit on behalf of other public bodies and private organisations.

2. The setting up of such a company will allow the council to trade in such a way that maximises the potential of the council resources and contributes in the medium term to the efficiency agenda.

3. The initial structure and scope of the company will be developed primarily around the services currently offered from the CBSS Directorate. This will allow us to take advantage of opportunities which it is felt both exist now for that directorate, and which are set to increase in the future, but which the Council is unable to exploit without the mechanism of a trading company.

Background

4. Since 1970 Local Authorities have traded with each other and other public bodies utilising the powers within the Local Authorities (Goods and Services) Act 1970 and the Local Government Act 2000 with the main intent to either save money or to achieve efficiency through economies of scale. This power to trade was enhanced by the Local Government Act 2003 where authorities were given the power to trade anything deemed as a public function with the private sector as long as it did so through a limited trading company.

5. Despite the fact that the legislation has been in place for a number of years now, very few authorities have taken advantage of the opportunities that it creates – this means that the market for selling services to other authorities is relatively untapped and available. Some examples of successful implementations include NORSE (formally Norfolk Property Services) wholly owned by Norfolk County Council, Solutions SK wholly owned by Stockport Council, Kent Commercial Services the trading arm of Kent County Council with a variety of other operations ranging greatly in size and complexity such as those in Gateshead, Durham, Westminster and Essex.

6. In the current climate we have a duty of care to both our customers and our staff to do the best we can with the resources that we can afford. The establishment of a trading company would not only allow the council to take advantage of the income generation opportunities that trading will provide, but will also demonstrate that the council is taking a positive attitude towards the current climate in the public sector, developing new ways of “doing business” within the local economy and providing new opportunities for employees who may otherwise be adversely affected by the necessary savings activities.

7. Any trading must be in “function-related activities”, i.e. the Council must already have the power to provide the services it proposes to offer to another party. However, in practice this requirement can, in many cases, be satisfied through use of the power of the authority to provide employees, goods, services and accommodation to any person in order to promote the economic, environmental, and social well being of the area.

8. In order to ensure a level playing field with the private sector and to avoid breaching state aid and other legal requirements, the company must not be subsidised by the authority. The authority must therefore recover the cost of any accommodation, goods, services, employees or any other support it supplies to the company. It will be necessary to set up suitable systems and financial controls to ensure this is the case and to demonstrate the independence of the company. It should also be noted that, far from being a threat to the local economy, the trading company will provide employment opportunity and trading opportunities in terms of:

    - The company may develop new products and services that would need to be delivered and supported.
    - The company may need to procure goods and services from the local economy.
    - It will also be the case that all new ventures developed by the company will be required to undertake a market impact assessment to ensure fair consideration of the local market position.

Options

9. In considering how services might be provided by CBSS in the future , we have narrowed the options down to the following:

    Option 1: To continue as is.
    Option 2: To look to “share” some services with other organisations.
    Option 3: To look to be a “provider” to others.
    Option 4: To look to be a buyer from others – outsourcing, or receiving from another public body.

10. **Option 1** is not considered sustainable in what is a much changing public sector, and the financial constraints would mean that further significant cuts in service levels would be inevitable, potentially leading to a gradual decline in service quality, and significant implications for staffing and resulting in low morale of staff. The implications would also impact on frontline services that are reliant upon excellent support services to enable their effective operation.

11. **Option 2** has some merit. However, the reality of "shared " service is that it can take considerable time to develop a proposal, and during that time significant opportunity may be wasted – there is also the chance that no final agreements can be established, which would again result in a waste of resources. In essence we consider this is not the way forward at this stage for support services due to the complexities of establishing such an arrangement, and the time it would take. In addition any efficiencies are not considered to be significant. The diversity of services provided within CBSS also means that one partner for all services is highly unlikely. There may however be some selected areas where such an approach might work and these will be considered as and when opportunities are identified/arise. Many of the potential benefits of "sharing" will accrue through the establishment of a company in any case, such as sharing overheads across a wider business activity, developing a broader skills set, and achieving efficiency.

12. **Option 3** is the preferred way forward. In summary this option is considered to give the Council control over its plans, is something that we can ensure happens (and not dependant upon others), and is something that has already got staff committed and excited about the future opportunities. This staff commitment is considered crucial as ultimately the success of any option will depend upon high morale and commitment of the workforce. It potentially allows the Council in time to create something highly innovative, and which if done correctly could grow in size over time and position the Council at the forefront of innovation in the provision of support services. It is anticipated that the option to trade and the need to provide competitive solutions, will become one of the drivers towards achieving better services to customers in an effective and efficient way. It also allows us to exploit the talents and innovation of staff who are keen to deliver services to new organisations, and it also allows us to fill a niche in the geographical area that no other authorities have yet addressed.

13. **Option 4** is not considered something we should in general pursue with professional services, as the outsourcing of professional services is likely to lead to significant job losses, and the Council would only receive the benefit of a part of these reductions – in that a part would be required to achieve profit. Receiving services from other public organisations is something that could be considered, however there is no real provider of such services – and in some respects this is reflective of our proposed approach to establish a trading company in that we see considerable opportunity in establishing a company that can provide such services to others.

Analysis

14. The precise form of the local authority company will be developed in coming months. Whilst the Government have announced proposals to allow Councils/employees to establish co-operative forms of service, it is not felt that this model is applicable in relation to the services being provided by the Company.

15. It is proposed that the company will be 100% owned by City of York Council, and that its primary objective initially will be to “provide business support services “. However, it is suggested that flexibility should be retained to enable other parts of the Council to have the ability to trade through the company if appropriate. The company will apply for admitted body status within the North Yorkshire Pension Fund.

16. The Council will need to appoint directors to the board of the company. It is proposed that initially a small board of Senior Officers will act as the Board of Directors:

    - The Director of Customer & Business Support Services acting as the Chief Executive.
    - The Assistant Director Governance and Legal (acting as company secretary),
    - The Assistant Director Financial Services (who will act as the Head of Finance for the Company)
    - The Assistant Director Customers and Employees (who will be responsible for any staffing matters).

17. Further Directors, including independents, may be appointed in future if it is believed they may benefit the business of the company.

18. Initially, the services within CBSS will be looked at to identify which ones are commercially viable and/or the levels of work required to get them to such a position, to enable them to be offered via the trading company framework – an initial assessment is given at Appendix 1. However, the company’s structure and governance arrangements will permit other activities or services to be incorporated in the future if they are deemed as suitable, following the production and consideration of a robust business case.

19. No staff will be transferred to the Company initially. Instead, employees from the Council’s services will be seconded in to the trading company as and when required to carry out individual projects or tasks. A Charging Policy will be developed which will be used to determine the charge out rates for resources attributed to delivering the company business. Thus a transparent and auditable pricing structure will be maintained. In future it may be that some staff will be transferred across to the Company, which would then require the company to establish its own terms and conditions, and to make sure that all the relevant consultations take place. This would be reported if and when it was being considered.

20. Existing Council resources will clearly need to be deployed towards the establishment of the company and the early stages of development. Such costs will be borne by the Council but these will not be additional to existing staffing costs, and very much reflect necessary work to take forward changes in service delivery that will contribute to financial savings. An initial outline business case for the company is set out in Appendix 2. This is clearly a broad estimate, and will need to be developed further in time. The financial structures to support this will ensure that all company accounts are separately identifiable and reportable.

21. There will be some additional direct set up costs (over and above existing staff costs allocated towards establishing the company). These will include legal costs and the costs of setting up the relevant company structure. These costs need to be viewed as a necessary investment cost that is required in order to achieve the long term benefits that it is felt the company will deliver to the Council.

22. A maximum cap of £20,000 on any such expenditure is proposed, in order to limit risk exposure. Customer & Business Support services are projecting an underspend during 2010/11 and it recommended that Members approve a carry forward of £20k to fund the set-up costs. .

23. Further reports will be brought to Executive as the Company develops, and Members will be kept fully informed of matters. In the longer term, once established it will be for the Company to adopt its own policies and procedures. It is proposed that staff within CBSS will be asked for ideas with regard to the name, and that this will be agreed by the Director of CBSS and the Executive Member. This approach reflects the same process that was adopted for Veritau.

Corporate Strategy

24. The creation of a Local Authority Company accords directly with the need for the Council to become an effective organisation which delivers what the customer wants and encourages improvement in all that we do. It will contribute directly to the desire for the Council to become a into a modern, agile organisation and will have the potential to provide staff with new opportunities going forward.

Implications

25. **Financial** - The Company will need to comply with the regulatory requirements of the Companies Act 2006 and additionally with the regulatory regime for local authority companies under the Local Government and Housing Act 2003. The Council must recover the full cost of any accommodation, goods, services, employees or anything else it supplies to the company in pursuance of any agreement or arrangement to facilitate the power to trade. Initial set up costs will be met from existing resources and recovered against expected company profits. Any areas of business being considered for transition into the trading company structure will be subject to the development of an extensive and rigorous business case for consideration, prior to any

transition work taking place. Costs incurred in the setting up of the company will be funded from a carry forward request.

26. **Human Resources (HR)** - As the company will not employ any staff directly at this stage, TUPE will not apply to employees. This needs to be monitored on an ongoing basis and would need to be considered further if the trading company were to employ people directly, or Council employees were to be transferred to the Company at a later date.

27. **Equalities** – There are no equalities issues arising from this report.

28. **Legal** – Set out in this report. The Assistant Director for Governance and ICT will ensure all legal implications of setting up a wholly owned company are considered and addressed.

29. **Crime and Disorder** - There are no crime and disorder issues arising from this report.

30. **Information Technology (IT)** – The appropriate financial structures will need to be established on the council financial systems. Any new IT applications that the company identifies will be procured through the company but will be hosted on the council's IT platform.

31. **Property** – There are no property implications initially, any property requirements of the company going forward will need to be established and/or funded through the company itself.

Risk Identification and Management

32. There will be a need for clear operational control procedures and monitoring. All risks and uncertainties affecting the Council's and the Trading Company's position will be identified and mitigation will be put in place. The key strategic risks to be considered in setting up the trading company are detailed in Appendix 3.

Recommendations

Executive are asked to approve:

1) The creation of a local authority company with the primary purposes of providing business support activity to public sector and other organisations.

   Reason: To allow the Council to take advantage of income opportunities and make efficient use of assets, workforce and knowledge.

2) The appointment as Directors of the Company of the Director of Customer and Business Support, and the Assistant Directors of CBSS, with the Director of CBSS acting as Chief Executive and the AD Governance and Legal acting as Company Secretary.

Reason: To ensure the company works under a suitable governance structure.

3) That regular further reports be brought back to the Executive

   Reason: To ensure transparency at all stages of the Company development and to ensure that the company activities are in keeping with the Council's priorities and operating model.

4) That the company name be determined by the Director of CBSS and the Executive Member for corporate services, following a consultation with staff.

   Reason: To ensure staff involvement in setting up of company.

5) To agree that any additional costs incurred as a result of establishing the company be capped at a maximum of £20,000, with these funded from a £20k carry forward of Customer and Business Support Services budgeted underspend.

   Reason: To provide set up costs, but in such a way as the cost to the Council is minimised.

Contact Details				
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	Report Approved	✓	**Date**	3rd February 2011
Specialist Implications Officer(s) Finance – Patrick Looker Legal – Andrew Docherty				
Wards Affected Not applicable				**All**
For further information please contact the author of the report				

Annexes

Annex 1 – Summary of CBSS Services potential opportunities for trading
Annex 2 – Initial high-level financial projections
Annex 3 – Initial Risk Assessment

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Annex 1 – Outline of Potential Early Opportunities for Trading

Within the CBSS Directorate there are a wide range of services provided, which to varying degrees have the potential for trading with other organisations.

The public sector spending reductions are forcing all public bodies to review how services are provided and to seek more efficient solutions. It is believed that many organisations will for different reasons be in the "market" for the provision of support services in coming years. Some organisations struggle to recruit/retain the necessary skills mix in their support teams, or are not of sufficient size to be able to employ such skills. In addition, the changing face of public sector services is likely to present opportunities, and see new organisations established who may be in market for support services.

Many of the services provided by CBSS are recognised as being of the highest level, and we believe we are well positioned to provide a highly skilled workforce who could provide services to other organisations. This is already done for schools, and some other public organisations in a small way, but it is felt that a more proactive stance to trading, with the vehicle of a company, will enable significant growth in trading of such services.

It is proposed that the general objective of the Company will be to **"provide a wide range of business support/customer services"**.

The broad extent of potential activities will include all services in CBSS, plus potentially some services in other Directorates. Further work will be done in all areas to develop a prioritised list of activities to pursue, but early priorities are likely to include:

- Learning and Development
- Recruitment Pool
- Supply agency to schools
- Schools HR/Payroll SLA
- Payroll
- Health and safety
- Customer services
- Further details of these and additional opportunities (as an initial scope for consideration) are given below.

Learning & Development

There is a corporate review looking at learning and development across the Council. There exists potential for this to be developed into a trading activity for other organisations – especially in the public sector, but potentially expanding to the private sector in terms of delivering certified courses in recognised subjects or methodologies.

One of the key elements for public sector organisation in sourcing training and development is finding courses and opportunities that are affordable and specifically geared towards public sector examples and environments. This is a significant untapped market and casual/soft touch market research has suggested that there would be a high demand for such courses and resources. The development of full programmes leading to recognised qualifications would then be a natural progression.

Recruitment Pool

The pool provides interim staff for different parts of the Council, and there is significant scope to build on this and develop it further as a supply function to other organisations. The Pool is currently taking on work that was previously managed by an external firm, and this provides an opportunity to further develop the recruitment pool and develop a commercial approach.

The development of an in-house agency based on the current Recruitment Pool, will deliver significant savings to the Council (through greater control of agency spend/reduced oncosts), but will also put the Council in a strong position to offer a marketable model for promotion to other organisations.

Supply agency to schools

The Human Resources service provides a supply agency of Teaching, Teaching Assistant and School Admin staff to CYC schools only. The agency was originally set up for the benefit of schools ensuring that there was a pool of appropriately qualified staff who had appropriate pre-employment clearances in place. The agency does not make a profit and the charges that are made to schools for the service (in addition to salary cost) cover running costs and the salary of the agency staff. The Agency could operate on a commercial basis either to CYC schools, wider, or both. The demand has shown that this could be a viable business and could also potentially benefit from the economies of scale to be gained from collaboration with the Recruitment Pool model highlighted above.

Schools HR/Payroll SLA

The HR service will have to make changes to the HR / Payroll SLA with effect from April 2011 so that it can continue to offer a service to schools who may become academy schools.

There are 2 schools in York who have said they will become academy schools and are going through the transfer process. Academy status will mean they these schools cut all ties with CYC although both schools have stated that they would still consider buying traded services from CYC. If this trend continues (as can be expected) then the trading opportunities will only increase in the future and it may be timely to establish the service in the market at this early stage.

Payroll

When Delphi was purchased in 2000, Members agreed that if we were approached by non-profit making organisations, CYC would act as a payroll bureau. This was at the time when schools could opt out of specific service areas within the Authority, payroll being one of them. Also, the Museums Trust was formed and the council continued to run their payroll service.

The Council is currently running the payroll for 9 organisations, (1 district council - Ryedale , 2 schools - Scalby School/Norton College, the Museums Trust and 5 non profit making organisations - RB Kids Club/Unison/Selby AVS/Community Leisure).

A Service Level Agreement is issued to all the payroll contracts, this document included input from Audit and in the case of Ryedale District Council their solicitor. The agreement lists the work undertaken which is currently payroll only. To run and calculate the payroll, it is necessary to capture all the employees' personnel details including details of any employee's absences, in order to calculate sick pay etc.

Currently the cost of the payroll service to each of the contracts is based on the number of employees within the organisation and the number of payslips issued in the financial year.

The total charge for the current year is in the region of £38k. It is envisaged that "i-Trent" will bring efficiencies to the contract payrolls as well as reducing the cost of producing payslips and postage, etc., for the Council.

The ability to introduce e-payslips to contract payrolls will have to be investigated further with ITT and Audit before this service can be offered. Consideration of the costs of e-payslips or paper payslips will be factored into any decision.

Health & Safety

At present apart from schools Health and Safety do not provide any external services. A review is underway to look at consolidation of health and safety across the Council, and this offers an opportunity to build a service that is marketable to other organisations.

The service has been approached by an external organisation to act as their source of competent advice giving them access to CYC H&S policies, training courses (this could be factored into the learning and development opportunity identified above), helpline and an inspection program.

The service have also started looking at running IOSH managing safety courses with the intention of using the monies raised from selling external courses to support training CYC managers. A draft paper has been developed on this for Info.

Customer Services

There will be potential to take on new services in the YCC after all internal services have migrated into YCC. There have been ideas in the past around providing first point of contact telephony services for some other organisations, in particular as part of the requirements being developed for the move to the new building.

Other services, such as finance, legal, ICT and Procurement (which is within the OCE) will be developed further in coming months.

Annex 2 – Initial Financial Projections

	2011/12 £'000	2012/13 £'000	2013/14 £'000
Income	85	500	2,000
Expenditure, incl direct overheads	60	400	1,600
Company Costs (see below)	10	22	22
Gross Profit	15	78	378

Assumptions

Year 1- minimal business, likely to include aspects of the recruitment pool and possibly some opportunities in learning and development.

Year 2 – further expansion of pool, some work for schools, opportunities for ICT, HR, finance, customers being developed.

Year 3 – potential full placement of recruitment pool, major contracts for external partners, schools, other organisations, potential consideration of staff transfers into company.

<u>Estimate of on-going company costs per annum</u>

The company will have a number of costs that will be incurred due to its nature of being a company. The table below gives indicative estimates of these costs taking into account the experience of setting up Veritau and using information from other councils.

	Indicative Value	
	Year 1 £	Ongoing £
Company Secretariat	2,000	2,000
Company Accounting	500	2,000
External Audit	4,000	4,000
Legal Support – Contracts etc	500	3,000
Insurance	2,000	6,000
Marketing etc	1,000	5,000
	10,000	22,000

The costs above show that in year 1, with only small level of trading the company costs should be in the region of £10k. However as further services are included it is anticipated these will rise to approximately £22k but this will be dependant on the size, scale and nature of the services traded.

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Annex 3 – Initial Risk Assessment

Risk Assessment

A comprehensive legislative, contractual, financial and operational risk assessment has been undertaken to ensure that all risks and uncertainties affecting the Council's and the Trading Company's position are identified. The key strategic risks to be considered in setting up the trading company are as follows:-

	Risk	**Likelihood**	**Impact**	**Risk Management**
1	Failure to set up trading arrangement in strict compliance with legislation	L	M	Extensive consultation with other authorities and, when appropriate, external legal advice on governance arrangements.
2	Failure to follow the statutory guidance on the trading power issued by the DCLG (actual guidance is ODPM).	L	M	Legal & Governance are included in the setting up of the company.
3	Using trading powers where there is a statutory obligation to provide them.	L	L	Every new service to trade via the company to list services in their Business Case and to consider statutory obligations. All Business Cases to be reviewed at CMT.
4	Failure to trade through a company.	L	L	Every new service to trade via the company to list services in their Business Case and to consider statutory obligations.
5	Possibility of trading ultra vires.	L	L	Every new service to trade via the company to list services in their Business Case and to consider statutory obligations.
6	Failure to adhere to EU procurement rules.	L	M	Robust procurement procedures to be employed, amendments to the Council's Procurement Handbook to include a section on EU procurement rules as they apply to the trading company.
7	Possibility of challenge to state aid – full cost recovery.	L	L	Issue of State Aid is outside the scope of the company. Comply with the Best Value Accounting Code of Practise on full cost recovery.
8	Possibility of conflict of interest for members/officers acting as Directors, Board Members or staff of the	L	M	All council members of staff will still be governed by the standard Code of Conduct for Council employees and as a minimum will include the

	company.			mandatory provisions of the model code of conduct, issued by ODPM.
9	Failure to include suitable “break clauses” in contracts, where appropriate.	L	M	Robust contract and governance arrangements. All contracts to be entered in to will be checked out by legal first.
10	Failure to manage reputational impact of the company on the council.	L	M	A full Marketing and communications plan will be developed and maintained to ensure that the branding and image of the company is in keeping with the council’s wishes and contributes to a positive view of the Council’s services.
11	Failure to arrange adequate insurance cover for the Company's liabilities and assets.	L	H	Ensure insurance broker is kept up to date with the set up and operation of the company including any new areas of trading the company becomes involved in. Regularly review insurance cover and before accepting any order/contract.
12	Consequences of proposed investment decisions – impact on Prudential borrowing.	L	L	The council is required to have regard to CIPFA’s Prudential Code for Capital Finance with regard to borrowing decisions. Prudential indicators currently do not operate on a group basis but this could be subject to future guidance of the prudential code.
13	Failure to comply with taxation laws – corporation tax and VAT.	L	M	Advice to be sought on taxation planning.
14	Consideration of potential TUPE implications	L	L	Initially this is not a concern but will be reviewed regularly.
15	Risks relating to Council’s reputation and public perception of its efficiency and effectiveness in the event of trading company’s failure.	L	M	Risk assessment regularly reviewed.
16	Failure of company to be Competitive.	M	L	Continue to benchmark fees and costs.
17	Consequences of adverse financial impact on general fund and hence taxpayer.	L	L	Robust contract and governance arrangements i.e. contract monitoring, budget monitoring, contract administration procedures.

18	Conflict of interest over workload priorities of council projects/initiatives/ programmes and company projects.	L	L	Effective resource planning meetings, continued liaison with key council Programmes (e.g. More for York) and compliance at all times with Corporate strategies.
19	Company credit rating.	L	L	Council could act as guarantor and insurance could be purchased to mitigate this.
20	Inability to meet tendering PQQ's.	L	L	The company will generally adopt the council's policies and protocols.
21	Challenge from council's auditors re: financial model and group accounts.	L	L	The accounting structure will ensure that all transactions applicable to the company can be identified using unique transaction records and coding structures. As part of the closedown process, the council is required to undertake an assessment of its relationships with related entities to determine whether group accounts are necessary. The process for this is outlined in CIPFA/LASAAC Code of Practice on Local Authority Accounting - A Statement of Recommended Practice (SORP).
22	Lack of capacity to manage additional work.	L	L	Careful programming of staff resources, ensuring core responsibilities and services are maintained to Council, and constant review of balance of staffing needs.
23	Contractual disputes.	L	M	Legal to check all contracts before they are entered in to, staff trained in dispute resolution and contract administration.

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CITY OF YORK COUNCIL

Executive **15th February 2011**

Report of the Director of City Strategy

Review of Directorate of City Strategy

Background and Summary

1. This report sets out proposals for amending the City Strategy Directorate structures to reduce costs and to provide for a more streamlined and effective approach to service delivery. There are a number or reasons why it is now timely to carry out this review and these may be summarised as follows:

   - To meet new legislative requirements such as the Flood and Water Management Act.
   - To improve the directorate's customer focus and support a more integrated approach to service delivery.
   - To provide a more flexible structure that can be more responsive to work demands in the face of necessary capacity reductions.
   - To reflect the downturn in spend budgets following the government's recent Comprehensive Spending Review announcement and in particular the reduction or removal of specific grants to areas such as transport.
   - To respond to significant pressures on income budgets primarily due to the overall downturn in the economy.
   - To improve the directorate's effectiveness in certain areas by rationalising structures such as administration and support, development management, and sustainability and energy management.
   - To complete the Corporate Organisational Review process for City Strategy with regard to necessary management staff reductions.

2. The work has been carried out in conjunction with and supported closely by the More for York team and the HR team.

3. The main proposed changes are:

   a. A rationalisation of the management structure by combining functions where appropriate and thereby reducing the cost of management overheads on the services.

b. Changes to structures within individual sections to ensure that they are "fit for purpose" and can deliver the most effective outcomes in the new economic climate.
c. Combining of the administration and support services functions to produce a core team approach across the directorate.
d. Combining the main strategic spatial functions of land use planning, transport planning, housing and flood and water management to produce a more integrated strategy approach
e. The reduction of engineering and transport capacity to reflect the downturn in expenditure due to government grant reductions.
f. The disbanding of the Engineering Consultancy with all the continuing necessary residual functions transferred to other appropriate areas of the directorate.
g. The review of the work currently carried out by the Business Management, Support and Performance functions and the combining of these with the proposed new administrative and support functions or with the research and development team as appropriate.
h. The creation of a new major projects team dealing with all aspects of major site development work across the city from initial enquiry through to detailed planning application.
i. The combining of resources currently working on sustainability, carbon reduction and energy management to maximise capacity.

4. Details of both current structures and future proposals are shown in **Annex A**.

Detailed Proposals

5. The review has been carried out using the key objectives set out in paragraph 1. Clearly the reduction in available budget has required a downsizing in certain areas, however the review seeks to minimise the impact to service delivery and effects on customers. This has involved prioritising to ensure that key services continue to be delivered effectively.

6. The detailed proposed changes outlined in **Annex A** are as follows:

7. The **Director's Group** will see changes in the Business Support and Performance team together with the combining of the administrative functions across the directorate as outlined below.

8. **The administration and support services** are currently split between a central core team and specific support services scattered throughout the main functional teams across the directorate. In some cases this may be a single support officer or it may involve several officers such as in the Development Management team. By combining the services into a single centrally managed team there are significant opportunities for economies of scale.

9. This proposed approach will also have the benefit of moving the directorate closer to the approach that will almost certainly need to be adopted when we move into the new council headquarters in 2013. There are currently 28.6 FTE posts covered by this review and it is anticipated that there could be a significant reduction in this number.

10. As can be seen from the proposals in **Annex A** a full structure has not yet been established for the administration function. It is intended that appointments will be made to the leading roles initially and these appointees will work with staff to develop the finished structures to ensure that there is full and complete cover for all of the work currently required. This second phase of the review will be fully consulted on with the staff and Trades Unions concerned.

11. The **Strategic Planning and Transport** group are undergoing a number of proposed changes. The key component is the reduction from 4 to 3 services in the group with the disbanding of the **Engineering Consultancy**. This will of course mean a reduction of one head of service from the group. The residual required functions from the consultancy will be transferred to the remaining three sections.

12. The first of these is the new **Sustainable Transport Service** which will be formed from the current Transport Planning Unit combined with the design, transport and Safety teams from Engineering Consultancy.

13. The travel choices team will have an operations focus covering public transport, walking and cycling. Public Rights of Way activities will be transferred from Network Management recognising the scope to better link up the management and maintenance of public rights of way and the cycling network. Savings reductions in travel choices are being proposed by reviewing and combining support activities.

14. The projects team combines the activities of the current engineering consultancy design, transport & safety teams. This area has the most number of proposed reductions reflecting the significant decrease in capital funding from central government for transport.

15. The current strategy and modelling teams will be combined into a single team focussing on future transport policy and this will result in a post reduction.

16. There are a range of technical support, monitoring and research functions across the 2 current teams. The proposals will result in a reduction of a technical support officer which reflects the scope to look at these activities together.

17. The second is a new **Integrated Strategy Unit** that will bring together the key strategy work that will shape York's long term future. In the spatial strategies team there are 2 proposed strategy officers reflecting

that the team will bring together work on the LDF and LTP. This provides an opportunity to transfer resource from the current transport strategy team. It is proposed that the head of service will directly line manage the spatial strategy team resulting in a reduction of a principal officer post. There are currently 4 assistant development officer roles which can be looked at together resulting in further post savings.

18. The formation of the Integrated Strategy Unit will also provide the opportunity to carry out the transfer of the part of the Strategic Housing function that currently resides in CANS which was an earlier proposal in the Chief Executive's original council-wide plan. This proposal is fully in line with the way that the Homes and Communities Agency (HCA) are now operating, where their role is seen as more about overall place shaping than broken down into the component parts of Planning, Housing and Transport. The Directors of City Strategy and CANS have previously discussed this approach and are in agreement on the merits of this proposal.

19. The research and development team will have a directorate wide focus and will draw together staff from existing city development, economic development and performance management teams.

20. The creation of a flood risk management unit transfers the current drainage activities from engineering consultancy with a view to supporting a more strategic flood risk management role. This area is subject to a growth bid.

21. The third section is the **Network Management** team and this will include the transfer of Emergency Planning from Engineering Consultancy. This will strengthen its links with Traffic Management, which is a key focus of the council's early response to an emergency situation.

22. Overall a more streamlined structure is proposed focussed on traffic management and highway development and setting of future priorities for this service.

23. The **Planning and Sustainable Development** group will have a new section which will have responsibility for major development projects and initiatives. There will now be a total of four sections within the group as follows:

24. **Building Control and Property Information** is largely funded through fees and charges for the service. There are no proposals for changes to the management of this service although existing vacant posts will not be filled pending an upturn in market activity.

25. The **Development Management** team has been the subject of a restructure and reductions of around 20% in overall staffing levels in 2010, which included a 30% reduction in technical/support resource.

Members have now agreed to the provision of an improved pre-application advice service with effect from January 2011, which will place further demands on existing staff, although this will generate additional income for the Directorate.

26. A number of projects are being undertaken as part of the transition from Development Control to Development Management and to bring about further service improvements and efficiency savings. In these circumstances, there are no proposals as part of this review to make further reductions in the number of Development Management officers or assistants or the number of planning enforcement officers. There will however be a review of administrative functions as part of the Directorate wide review to seek efficiency savings

27. It is proposed that in order to bring a greater focus to promoting and managing effective working relationships with applicants on major development projects, an 'end to end delivery service' that the work of the commercial and majors team is closely aligned with a new major projects and initiatives team within the group. This will involve matrix management of staff under the overall control of the AD.

28. A new **Major Projects and Initiatives** team is proposed which will bring together officers from a number of existing teams in both the Strategic Planning and Transport area and the Planning and Sustainable Development area managed by a new head of service post.

29. It is the intention that this core group of officers with complimentary skills and expertise, would work together with colleagues (particularly those in the Directorate in: the design, conservation and sustainable development team, transport, economic development and the new integrated strategy unit), to provide a holistic, customer focussed approach to dealing with both major /strategic development opportunities and specific major/strategic development proposals from initial enquiry through to implementation ("end to end" delivery).

30. The proposed new section would have a strong focus on both place-shaping the delivery of major applications and key development and regeneration projects /initiatives in the city. The section would have responsibility for the following:

- The production of Planning Statements
- The production of Development Briefs
- The production of Area Action Plans
- The production of Masterplans
- The project management of the pre-application advice service co-ordinating the input of all relevant sections / disciplines
- Post decision implementation work

31. It is proposed that the new section comprises officers from the existing teams :

- The existing City Development team (excluding LDF and Policy /Information)
- The existing York NW team
- The Renaissance team (two)
- DCSD Community Planning function
- Significant project work of the Development Management Majors and Commercial applications team*

**This element of the proposal would effectively involve joint management of the significant project work of the Majors and Commercials application team by the Head of Development Management and the Head of City Planning and Development, following "matrix " management" principles.*

32. The Renaissance team (2.0 ftes) are temporary posts which are externally funded and there are no proposals in relation to these posts other than the transfer from the Design, Conservation and Sustainable Development into this new section. There will also be a review of administrative functions as part of the Directorate wide review to seek efficiency savings.

33. The **Design, Conservation and Sustainable Development** team existing structure has the majority of officers reporting directly to the head of service. It is proposed that the wide range specialist consultancy roles are grouped into four teams under "Built Environment", "City Heritage", "Natural Environment" and "Sustainability".

34. The Renaissance team and community planning functions would be transferred to the new Major Development Projects and Initiatives section. The existing Sustainability team would be enlarged with the addition of two members of staff from the property team. There will be a review of administrative functions as part of the Directorate wide review.

35. The third group in the directorate is the **<u>Economy and Asset Management</u>** group. The main changes for this group are associated with a significant restructure of the Design and Maintenance teams within the former Property Services group.

36. There are no current proposals to change the management of the **Asset and Property Management** section at present as this team is currently carrying out a comprehensive review of the council's property portfolio with a view to deciding the best way forward for the council's property assets. There will however be a reduction of one post as the current Property Consultant post will be deleted. Close monitoring of

future workload will be made to ensure that the section's workload is matched by its capacity.

37. The **Economic Development** team including York Enterprise is a small unit and is key to working with partners to help secure the city's successful economic future, particularly at this difficult time. It is not therefore proposed to change the management of this service although one post will be transferred to the new Research and Development team being established to increase the critical mass of that team and improve flexibility and efficiency. A significant part of the economic development service provision is made through contributions to "arms length" partnerships such as Science City York and Visit York. Officer recommendations are being made to these contributions through the Council`s budget setting process, although these are not intended to affect the current arrangements in place to second 2 members of staff to Visit York. There are no proposed changes to the structures for **York Training Centre** and **Future Prospects** specifically through this review although work is underway to review skills and training initiatives across the Council.

38. The main changes within this group are to the existing Design and Facilities Management teams which are combined into a new single **Strategic Business, Design and Facilities Management** section.

39. This is a major restructure of the service which moves it away from its more traditional delivery function to an enabler commissioner role. The proposed restructure will also take account of a reduced capital programme and potential income which has previously funded the work.

Consultation

40. There has been extensive consultation over a considerable period of time throughout the directorate. A copy of the consultation log can be found at **Annex B** and it can be seen that starting from the outlining of initial proposals to the Directorate JCC on the 18th November, that significant proposals were then circulated to staff on the 13th December, 24th December, 7th January and 14th January as consultation continued and proposals were developed. Throughout the whole period there have been a number of staff briefings both individually and with teams as required. Consultation has also involved the Trades Unions at every stage of the process.

41. A significant number of responses have been received with well over 50 emails, which vary from a few paragraphs to one response of 17 pages, as well as other forms of response. All replies have been presented in a constructive way with many supporting the proposals, whilst others make helpful suggestions as to how things may be improved. The proposals presented today reflect some changes made as a direct result of suggestions made through this process.

42. The areas where issues were raised through consultation may be summarised as:

- Major Development Projects and Initiatives – *concerns about the re-location of this service.*
- Energy Team - *concerns about the re-location of this service.*
- City Walls – *loss of experienced staff in house if moved to CANS*
- Managing Transport Strategy and Integrated Strategy – *Concerns about moving Transport Strategy into proposed Integrated Strategy Team.*
- PROW – *Proposed re-location into sustainable transport team from Network Management.*
- Network Management – *Concern regarding income related to Streetworks from the reduction from 3 Inspectors to 2.*
- Admin Support – *Concerns about lack of consideration of the need for specialist admin/technical support in the proposed new structure.*
- City Development – Research & Information. *How will specialist work in modelling and other aspects relating to Sustainable Transport be catered for?*
- Affordable Housing. - *Should this stay in the Major Projects Team?*
- Strategic Housing – *This should be included as part of the proposed integrated strategy and waste strategy work.*
- Team Leader Spatial Strategy Team – *This post is covering too much work.*
- Community Planning – *How will this specialist service continue.*
- Administration & Support. – *Numerous comments about the detail of how this will work.*

43. All consultation responses have been acknowledged and a substantive response will be given. As stated above in some cases concerns have been addressed and changes made to the proposals. It should also be noted that some of the responses refer to detail and issues which will not be decided until the next phase of the review, and there will be further opportunity to input through consultation when that detail becomes available.

44. A discrete consultation process is also underway regarding the detailed restructure of the Design and Maintenance service. The consultation period for staff and trade union responses is due to end on 4th February. A verbal update will be given at the meeting if there are any significant issues arising from this consultation.

Corporate Priorities

45. The review of the City Strategy Directorate has been carried out to reflect corporate priorities and to ensure minimum impact on these priorities. The savings made as a result of the review will make a

significant contribution to bridge the gap in the council's finances following the Government's financial settlement announcement. The Directorate already works closely with public and private sector partners across the city and the proposed changes have been made in a way that provides the opportunity to strengthen partnership working.

Implications

46. **Financial** - The proposed structure from the Service review in City Strategy is anticipated to deliver a cost reduction of £731k.

    The saving comprises £265k Organisation Review target, the full year impact of More For York review of City Strategy (£138k) and a saving attributable to 2011/12 budget review (£328k).

    The final savings attributable to the review will not be finalised until all job descriptions have been scored and grades attributed to posts. These changes however are not anticipated to be significant to the overall saving.

47. **Human Resources (HR)** – The Council's newly revised management of change process will be used in the implementation of the proposed restructure and HR business partners and advisors have been involved heavily in the restructure to date. All attempts will be made to redeploy any staff that are at risk. Voluntary redundancy and retirement and flexible working opportunities will be considered to avoid compulsory redundancies.

48. **Equalities** - An EIA will be completed before the structure is finalised

49. **Legal** - None

50. **Crime and Disorder** None

51. **Information Technology (IT)** None

52. **Property** None

Risk Management

53. Failure to produce a significant contribution to the council's revenue budget will present a significant risk that the council will not be able to balance its ongoing budget.

Recommendations

54. Members are asked to:

    (i) approve the outline proposals established through phase one of the review of the Directorate of City Strategy:

(ii) delegate to the Director of City Strategy the completion of the review through the detailed phase two and to implement the outcome of the review.

Contact Details

Author:	**Chief Officer Responsible for the report:**			
Author's name **Bill Woolley** Title **Director of City Strategy** Tel No. **Ex 1330**	Chief Officer's name **Bill Woolley** Title **Director of City Strategy**			
	Report Approved	✓	**Date**	*2.211*

Specialist Implications Officer(s)			
Financial		Legal	
Name	Patrick Looker	Name	
Title	Finance Manager	Title	
Tel No.	01904 55633	Tel No.	

Wards Affected: N/A	**All**	*tick*

For further information please contact the author of the report

Annex A – Current and Proposed Structures
Annex B – Consultation Log

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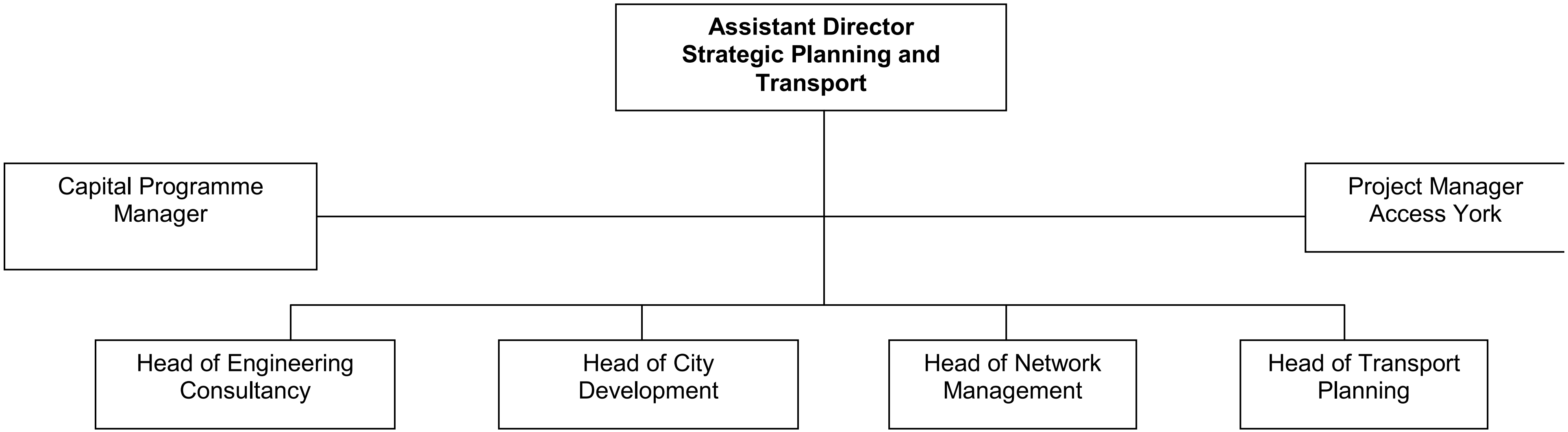
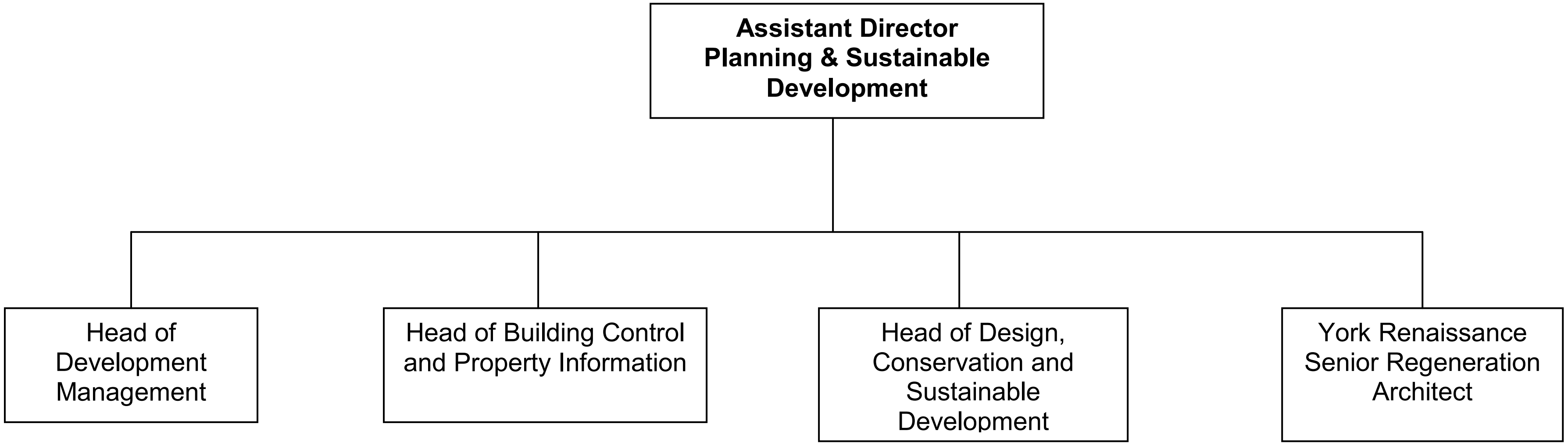
Annex A

Current Structure



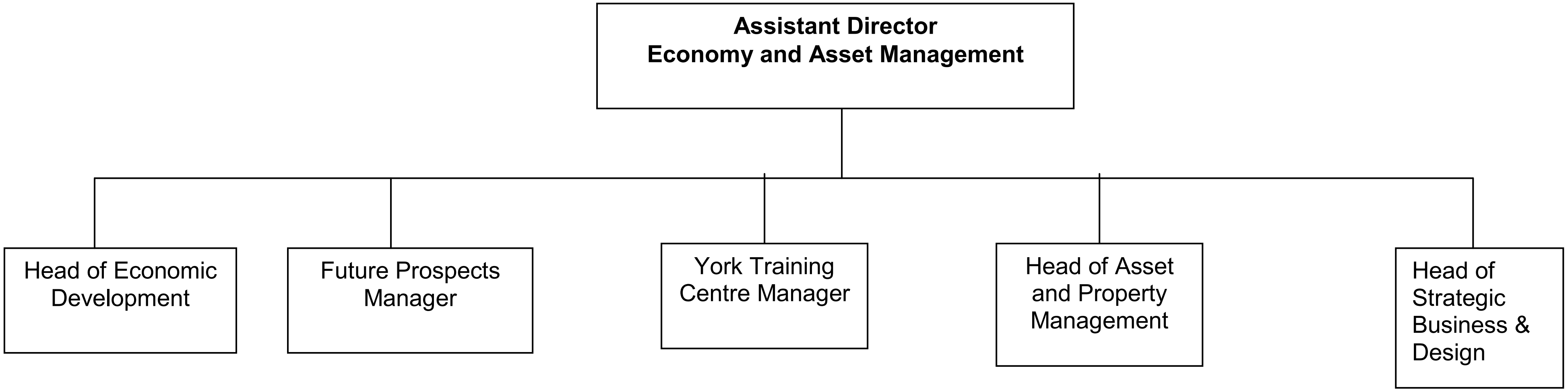
Annex A

Current Structure



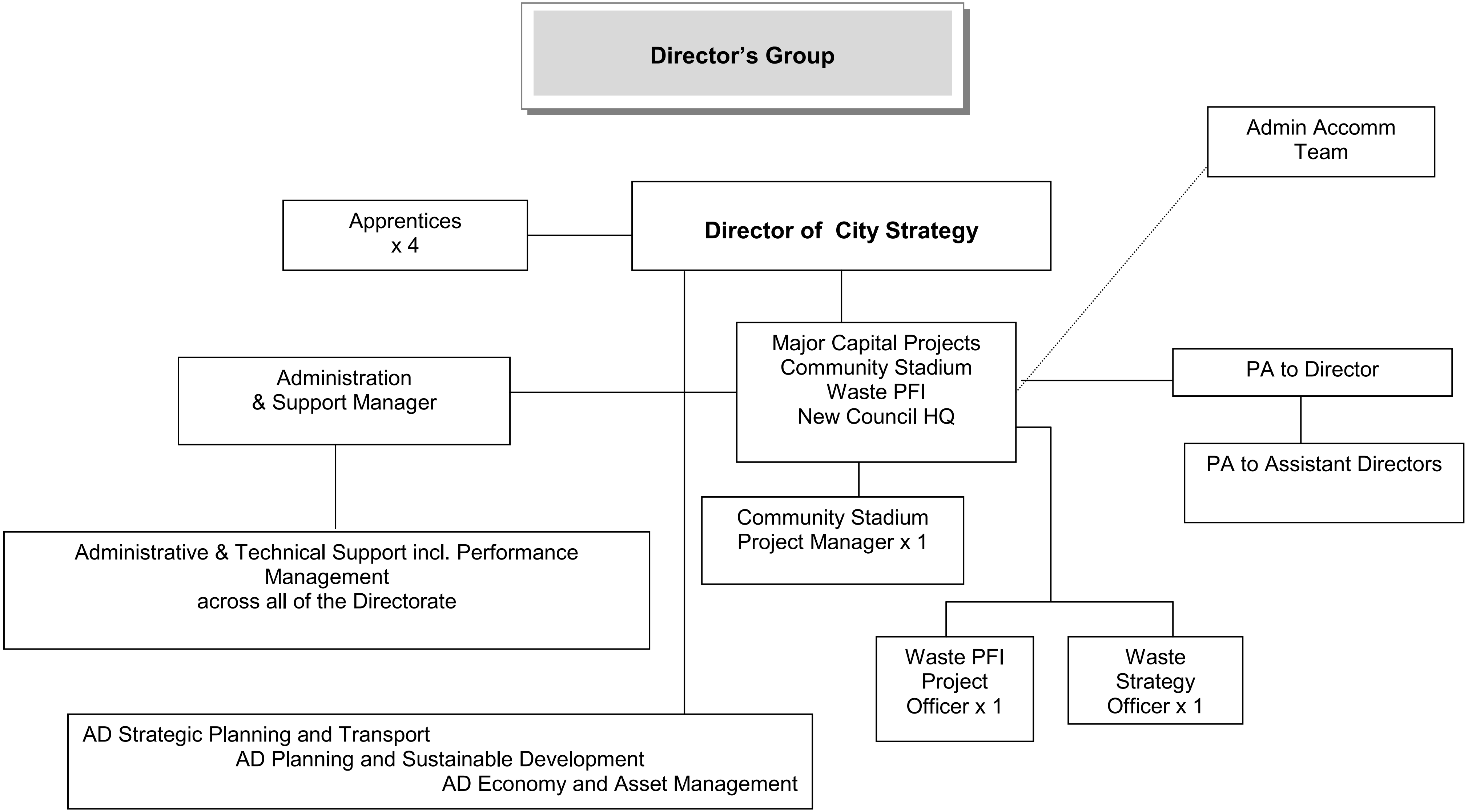
Annex A

Current Structure



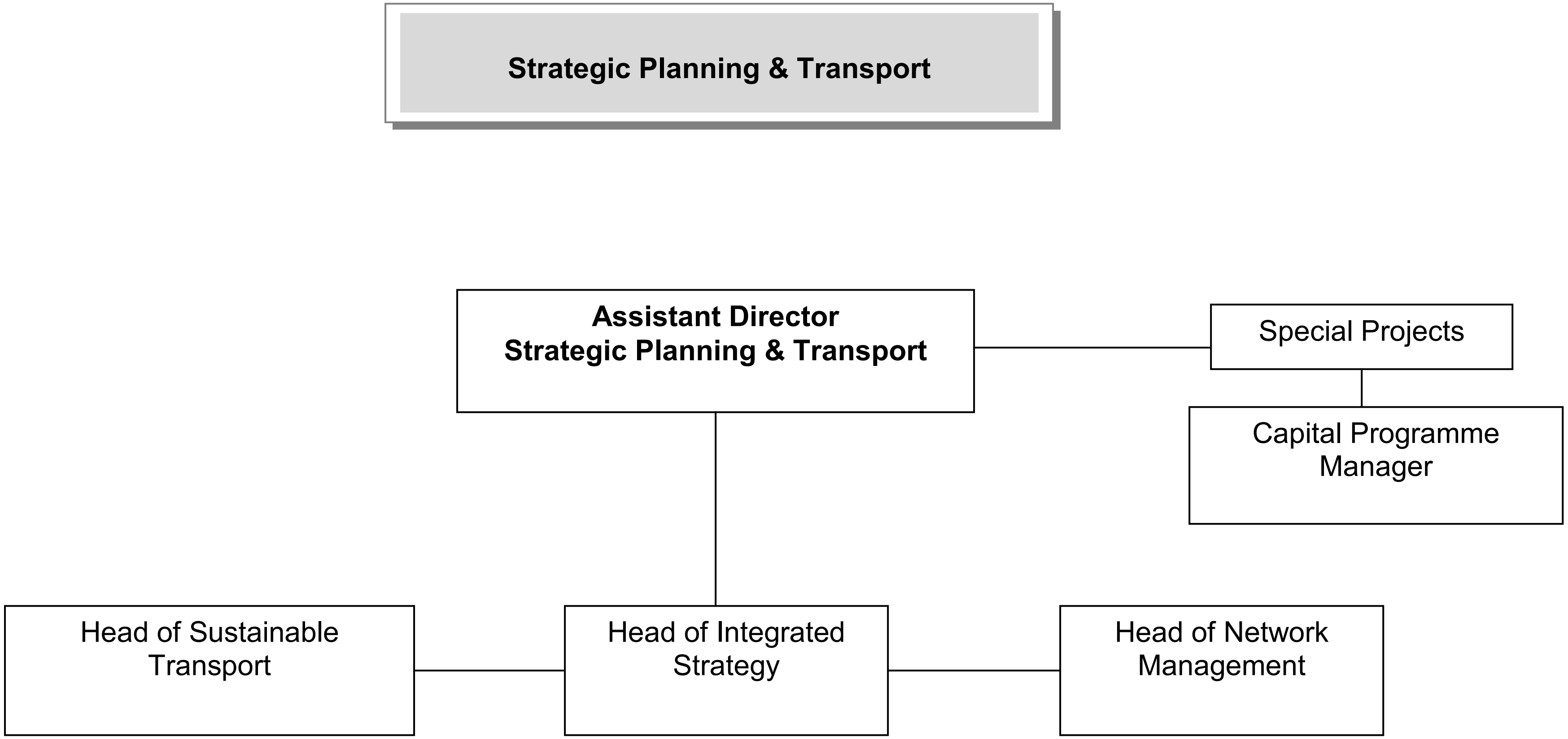
Annex A

Proposed Structure



Annex A

Proposed Structure



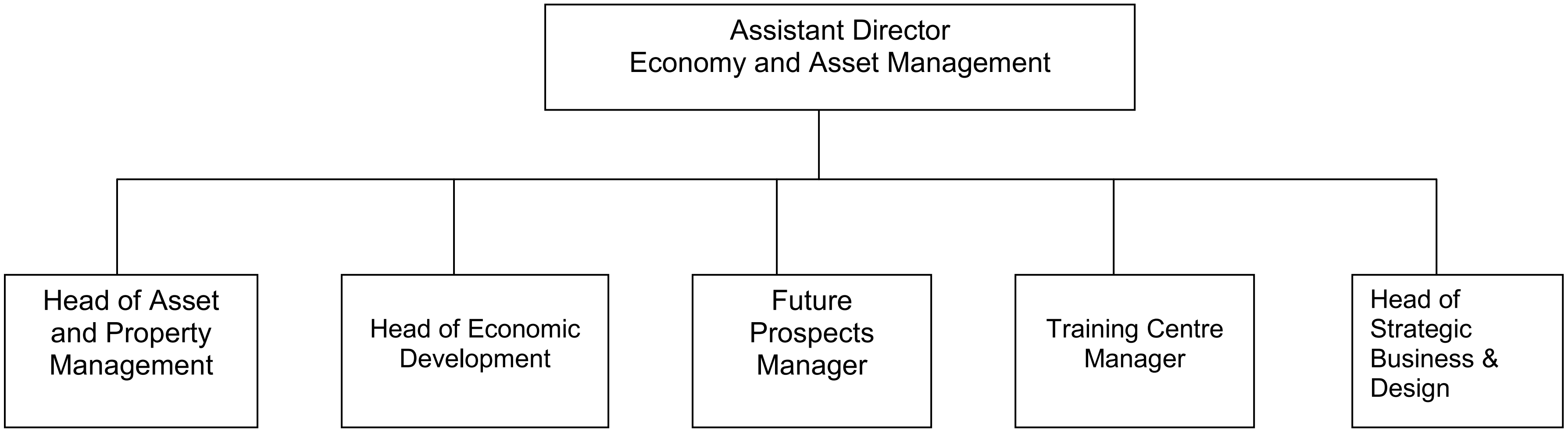
Annex A

Proposed Structure

Annex A

Proposed Structure

Economy and Asset Management



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Annex B

City Strategy Service Review
Consultation/Communication Plan

Date & Time	Who, Where
18 November 2010	Directorate JCC Meeting
*	Assistant Director Briefings for staff to discuss options for budget savings and directorate service review:
22 November 2010*	Director – Director Group
23 November 2010*	AD (MS) – Met Development Management team AD (MS) – Met Design, Conservation, & Sustainable Development team AD (RW) – Met Engineering Consultancy team AD(RW) – Met with Network Management team AD (RR) – Met Visit York, Econ Dev Unit and Training Centre Manager
24 November 2010*	AD (MS) – Met Building Control & Land Charges AD (RW) - Met Development Management AD (RW) – Met City Development team AD (RW) – Met Transport Planning Unit team
1 December 2010	AD (RW) – Met with group staff member
8 December 2010*	AD (RR) – Met City Centre team AD (RW) – Met with group staff member AD (RW) – Met with section head
10 December 2010	AD (MS)– Met with individual section heads
13 December 2010	Director email to City Strategy staff – current thinking on service review and summary of main proposals.
14 December 2010*	AD (MS) – Met Development Management Team AD (MS) – Met City Development Team. AD (RW) – Met individually with each section head
15 December 2010*	AD (MS) –Met Building Control & Land Charges AD (MS) – Design, Conservation, & Sus Development Ad (MS) – Ian Asher's Design and FM – 1st formal consultation with unions and Nick Carter for HR
16 December 2010*	AD (MS) – Met Development Management Team
16 December 2010	Directorate JCC Meeting AD (RW) – Met individually with each section head AD (RW) – Met with group staff member AD (MS) – Met section head & union representative AD (MS) – Met city development staff members

17 December 2010	AD (MS)– Met Individual Section head AD (MS) – Met City Development staff member
22 December 2010	AD (MS) – Met City Development Individual staff member
24 December 2010	Director email to City Strategy staff – attaching family trees of proposed structure for comments.
29 December 2010	AD (RW) – Met with group staff member
4 January 2011	AD (MS) – Met with section head AD (MS) – Met with section head AD (MS) – Met City Development section head
5 January 2011	AD (RW) – Met individually with 3 x section heads
6 January 2011	AD (RW) – Met with MS and section head
7 January 2011	Director email to City Strategy staff – attaching latest version of proposals, and extending the consultation period to Monday, 24th January. AD (RW) – Met with group staff member AD (RW) – Met with section head AD (MS) – Met with section heads
12 January 2011	AD (RW) – Met with group staff member
14 January 2011	Director email to City Strategy staff - attaching Supplementary Information on the CS Service Review proposals.
18 January 2011	AD (RW) – Met with 3 x group staff members individually
19 January 2011	AD (RW) – Briefs City Development team AD (RW) – Briefs Network Management team AD (RW) – Briefs Engineering Consultancy team AD (RW) – Met with 3 x group staff members individually
20 January 2011	AD (RW)– Briefs Transport Planning Unit team AD (RW)– Met with 2 x group staff members individually
20 January 2011	Directorate JCC Meeting AD(MS) – Met with section head
21 January 2011	AD (RW) – Met with group staff member AD (RW) – Met with section head
24 January 2011	AD (RW) – Met with group staff member Consultation period on CS Service Review proposals ends
25 January 2011	AD (RW) – Met with group staff member AD (MS & RW) – Met with city development

31 January 2011	AD (RW) – Met with group staff member
1 February 2011	Director – Met with Administrative & Support staff
2 February 2011	AD (MS) – Met with DCSD staff member AD (RW) – Met with 2 x group staff members individually
3 February 2011	AD (RW) – Met with group staff member
4 February 2011	Consultation period on Property Services Restructure ends
16 February 2011	Directorate JCC Meeting
16 March 2011	Directorate JCC Meeting
20 April 2011	Directorate JCC Meeting
18 May 2011	Directorate JCC Meeting
15 June 2011	Directorate JCC Meeting
20 July 2011	Directorate JCC Meeting
17 August 2011	Directorate JCC Meeting
21 September 2011	Directorate JCC Meeting
19 October 2011	Directorate JCC Meeting
16 November 2011	Directorate JCC Meeting
21 December 2011	Directorate JCC Meeting

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