

Report of the Executive Member for Finance, Performance and Customer Services

2014-15 Draft Outturn

1. This report provides a year end analysis of our financial performance. Dashboards for performance under the previous Council Plan priorities are also attached, based on the latest available data.
2. The council's net General Fund budget for 2014/15 was £124,186k and the provisional outturn position is an under spend of £688k, an improvement of £1.4m since Monitor 3. This improvement is primarily as a result of continued stringent cost control methods, and internal management reporting has tracked the impact of this positive action.

	2014/15 Net Budget	Monitor 3 variance	Draft Outturn
Directorate			
	£'000	£'000	£'000
Children Services, Education & Skills	31,517	+421	+196
City & Environmental Services	19,759	+941	+957
Communities & Neighbourhoods	17,007	+150	+98
Customer & Business Support Services	4,773	-35	-219
Adult Social Care	51,418	+528	+193
Public Health	389	+187	+108
Office of the Chief Executive	364	-26	+8
Directorate total	125,227	+2,166	+1,341
Central budgets	-1,041	-1,395	-2,029

TOTAL	124,186	+771	-688
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Table 1 – Financial Overview

3. This position is consistent with previous years where expenditure has been within the overall approved budget. It maintains the Council's overall financial health and provides a strong platform upon which to meet the further financial challenges in the future.
4. An overview of this outturn, on a directorate by directorate basis, is outlined in Table 1 above and the key variances are summarised in the following paragraphs.
5. Whilst the year-end position is positive, there remain considerable financial challenges looking ahead into 2015/16 and beyond. The February 2015 budget council report approved £11.9m of savings in 2015/16 and progress against delivering these, as well as dealing with the underlying issues experienced during 2014/15, will again require careful monitoring.
6. Beyond 2015/16, it is expected that significant financial challenges will continue and the ongoing development of the financial strategy will ensure that the Council prepares effectively for these challenges.
7. The following sections provide further information on the financial outturn of each directorate as outlined in Table 1 above.

Children's Services, Education & Skills

8. Despite a reduction in the number of Looked After Children and a reduction in expenditure of almost £1m since 2012/13, the underlying budget pressure from previous years results in a net overspend within children's social care resources budgets. This includes overspends on Out of City and Independent Foster Agency placements (£439k and £451k respectively), contract placements (£196k), The Glen Respite Care Home (£129k), Transport (£101k) and Adoption, Residence & Guardianship orders (£218k). It also includes additional staffing costs within Children's Safeguarding teams and the Integrated Family Service (£91k and £127k respectively).
9. Within children's safeguarding teams additional staffing being employed in excess of the numbers provided for within the budget creates an overspend of £289k.

10. Offsetting these overspends are staffing underspends totalling £117k within the Youth Support Service and Education Psychology Service, as a result of posts being kept vacant for part of the year, additional income from Inter Agency Adoption Fees (£147k) and savings of £218k on legal fees.
11. A number of posts being kept vacant within the school improvement and connexions services in advance of delivering savings proposed for the 2015/16 financial year results in a net underspend of £438k. Bringing forward the implementation of some Early Years, Children's Centres and Connexions savings from 2015/16 has delivered a one-off saving for 2014/15 of £259k and limiting the level of new expenditure to be committed from the SEN, Adoption Reform and Short Breaks grants has also delivered a one-off saving of £237k.
12. Additional short term savings from the directorate moratorium on discretionary expenditure within service team budgets total £419k.

City and Environmental Services

13. The draft outturn shows a net overspend of £957k, which is a slight deterioration of £16k from the Monitor 3 report. The overspend is primarily due to the position within Waste Services as a result of unachieved budget savings and reduced income (£573k), along with a shortfall in parking income (£325k). Further detail is provided in the following paragraphs.
14. Underspends on highway maintenance (£622k) due to the use of alternative capital funding and on street lighting (£147k) due to lower expenditure on materials and electricity have been offset by overspends on the civils account (£379k) due to lower than forecast income, additional staffing for engineering consultancy (£149k), £94k overspend on winter maintenance and lower than budgeted income relating to utilities working on highways (£75k).
15. An underspend of £178k on transport due to lower than forecast operating lease costs and staffing vacancies is offset by £112k unachieved fleet saving, £100k overspend on vehicle maintenance mainly due to unachieved income targets.
16. Within waste collection the main variances were £216k additional staffing costs, increased transport costs of £98k for vehicle repairs/hire and £84k for new vehicle costs. These overspends were offset by £34k saving on fuel due to lower prices.

17. There was an underspend on waste disposal mainly from reduced tonnages (£188k) and additional income from the sale of landfill gas (£108k). These underspends were offset by a shortfall in income from garden waste subscriptions (£60k).
18. There was an overspend on Household Waste Recycling Centres (£203k) mainly due to lower than anticipated trade waste income and income from Household Waste chargeable items.
19. There continues to be a shortfall on the Yorwaste dividend (£200k) but this was partly offset by interest received from the company on an outstanding loan (£56k).
20. Within transport, unachieved income from ANPR enforcement of £175k, £86k additional expenditure on the connected cities and ECMA projects, £59k overspend on subsidised buses and £48k for temporary staff within CCTV were offset by mitigating savings on quality bus contract (£65k) and road safety (£35k).
21. The year end shortfall on the parking account was £325k (4.5%). This is a continuation of the shortfalls within the account over the past few years (£258k in 2012/13 and £230k in 2013/14). There have been a number of initiatives that have impacted the account during the year, including the closure of Haymarket Car Park in April 2014, the impact of lost income due to the free parking initiative from June 2014 (funded by £300k from section 106), the introduction of charges for residents discount pass from September (which was later than assumed at the budget), the introduction of pay on exit at Marygate car park in July 2014 (which has faced technical issues resulting in lost income), the use of Marygate by Network Rail in the final quarter of the year and the commencement of the expanded Park & Ride Network in June 2015. Members agreed to a reduction of £400k in the overall parking income budget expectation at budget council in February 2105 and this should ease the pressure on the parking account going forward.
22. A shortfall in Building Control income (£108k), higher than budgeted income from land charges (£76k) offset by the cost of the legal decision for all authorities to refund personal search agencies for fees charged between 2005 to 2010 (£200k) and a range of small variations make up the overall directorate position.

Communities & Neighbourhoods

23. The draft outturn position shows an overspend of £98k, an improvement of £52k since Monitor 3. Overspends in Learning Services (£196k) due to the cost of moving premises and a shortfall in income and Library Services (£122k) due to additional costs resulting from the extended closure of the central library and other support and insurance costs, were offset by underspends in Registrars (£41k) and the Crematorium (£131k) due to additional income. A freeze on expenditure in some areas, along with staff vacancies across a range of services make up the overall directorate position.

Customer & Business Support Services

24. The draft outturn shows an underspend of £219k which is a £184k improvement from the Monitor 3 report. The main areas of underspend relate to vacant posts in ICT, procurement and finance, along with a range of other minor underspends including additional income from schools.

Adult Social Care

25. The draft outturn position shows a net overspend of £193k an improvement of £335k since the Monitor 3 report. Demographic pressures continue to be evident in relation to demand for care and have resulted in an overspend of £342k across a range of budget areas, offset by staffing underspends of £120k due to a number of posts being kept vacant in the later part of the year.
26. An additional pressure, that was not evident at the time the budget was set, is in relation to DOLS (Deprivation of Liberty Safeguards). All councils with adult responsibilities have been impacted by a recent court ruling that is dramatically increasing the number of formal applications that must be processed. At Monitor 1 Cabinet agreed to allocate one-off contingency funding to cover the estimated net additional costs in 2014/15. However, due to delays in recruiting the extra staff needed to process the increased number of cases the financial position in 2014/15 is now £245k more favourable than expected. There is, however, a significant backlog so there is likely to be a short term impact of this in 2015/16 until things settle down into a more regular pattern.
27. There has been a significant overspend of £1,021k within the Elderly Persons Homes budgets due to utilities, cleaning, catering and R&M (£325k), increased staffing ratios (£237k) and temporary staffing costs (£332k).

28. A net underspend of £259k has been delivered on Small Day Service budgets and £224k from the final stage of the Strategic Review of Accommodation Options for People with Learning Disabilities.
29. Additional income to support the reablement service of £307k has been negotiated and received from the CCG, partly offset by an overspend of £80k on the reablement service contract.
30. A net underspend of £153k, mainly due to savings on the directorate wide redundancy and early retirement budget, along with a range of other variations contribute to the overall position.

Public Health

31. The former Primary Care Trust budget for genitourinary activity was allocated on a population basis (25% to York and 75% to North Yorkshire County Council). However in practice the actual activity has been closer to 50:50, leading to a significant overspend on this budget (+£658k). In addition there is a one-off backdated payment of £125k outstanding for 2013/14. For 2014/15 a one-off budget virement of £488k has been made from other Public Health budgets to help offset the pressure and work is underway to retender this contract from July 2015 with the aim of delivering a new service within the available budget.
32. A range of minor savings and variations within a number of other contracts total £112k, resulting in a net overspend of £100k.

Office of the Chief Executive

33. The Office of the Chief Executive directorate has reported an overspend of £8k due to a range of minor variations across the directorate.

Corporate Budgets

34. These budgets include Treasury Management activity and other corporately held funds. Treasury Management has generated an underspend of £1.4m due to reduced interest paid on borrowing and long term borrowing not being taken during the year along with increased interest earned due to higher than anticipated cash balances and the volatility in financial markets which has allowed for the Council to take advantage of favourable interest rates. In addition, pension strain costs to date have been lower than anticipated resulting in an in year underspend of £460k.

New Homes Bonus

35. Previous decisions of the Council have allocated the majority of New Homes Bonus to the Economic Infrastructure Fund. In 2014/15 some funding has been used to support the Local Plan and the Lendal Bridge trial. The remaining unallocated funding in 2014/15 and 2015/16 totals £2,065k. This is currently allocated to one off investments, as set out in the February 2015 budget report.

Business Rates

36. The collection of Business Rates and the overall base liability remains strong. 2014/15 was the second year of the localisation of business rates with councils able to receive a share of gains from the business rates pool. The projected additional income of £300k was achieved in line with the budget and the Council will be making a levy payment of £1.3m into the Leeds City Region Pool.

Dedicated Schools Grant

37. Within the Dedicated Schools Grant (DSG) funded budgets there is a net underspend of £130k against a total grant allocation for the year of £116,939k (including post 16). This is mainly as a result of underspends on nursery place funding due to the delayed take up of the enhanced entitlement to 2 year old provision introduced during the year (-£624k), staff vacancies in SEN teaching teams and work done in reviewing post 16 SEN placement costs following the transfer of this responsibility to the LA in 2013/14 (-£77k), offset by increased costs of high needs provision in schools and other post 16 providers (+£538k) and a net overspend on school contingency budgets partly due to the requirement to write off the final deficit balance following the closure of Burnholme Community College in August 2014 (+£227k). As there was a surplus DSG balance brought forward from 2013/14 of £111k (compared to a budgeted deficit of £200k) this results in a carried forward surplus balance of £241k to 2015/16.

Housing Revenue Account (HRA)

38. The Housing Revenue Account budgeted to make a surplus of £567k in 2014/15. There has been an overspend of £513k on repairs and maintenance, mainly due to resolving significant damp works at a number of properties. This was offset by a number of underspends, including £954k from a change to the financing of capital works and £273k from lower than budgeted levels of arrears and bad debts. This resulted in an overall surplus of £1,908k and therefore an underspend of £1,341k.

Reserves

39. The February 2015 budget report to Council stated that the minimum level for the General Fund reserve should be £6.4m (equating to 5% of the net budget). At the beginning of 2014/15 the reserve stood at £8m and as part of the budget report, approval was given to reduce the level of actual reserve by £500k in 2015/16, leaving a balance of £7.5m still giving some headroom about the minimum level to take account of the increased risks facing the Council.
40. The 2014-15 underspend of £688k has been fully utilised in the emergency budget motion agreed by Council on 16th July.

Performance

41. This report gives an overview of the Council's performance covering 1st January to 31 March 2015, as well as looking back at events in the year, assessing performance against key themes, including Council Plan Priorities 2011-2015.

Create Jobs & Grow the Economy

42. Achievement: A feasibility study has been completed for York Central (the city's largest development site), and a memorandum of understanding signed with Network Rail. Unlocking and maximising the development opportunity through the wider York Central site, would unlock 1100 homes and 85,000m² of grade A office space, as well as building on the National Railway Museum's existing offer to realise a world class museum attracting 1m footfall a year. Projections demonstrate this will deliver up to £254m in GVA per annum and a net 4,750 jobs on completion.
43. Achievement: The Leeds City Region Enterprise Partnership (LEP) confirmed further devolved funding through the government's Employer Ownership Pilot to create a £17.5 million skills service for local businesses. The aim of the funding is to provide funding to small and medium sized businesses to enable them to source the skills solutions they require to develop and grow. An additional £30k investment to help cut red tape and enable local small businesses bid for council contracts has been identified in the emergency budget in line with the priority set out in the draft Council Plan
44. Achievement: The first year of the Super-Connected City (SCC) programme has seen the delivery of significant projects, funded principally by DCMS:

- Wifi and Public Transport. 80x buses had free wifi successfully installed in the last quarter of 2014/15
- Public Buildings Connectivity and Wifi. The installation of wifi and improved connectivity (principally Gigabit fibre connections) has been completed to 28 public buildings: the Art Gallery, Guild Hall, 11 sheltered Housing Schemes and 15 Community Hubs.
- City Centre Wifi. Phase 1 of the city centre wifi has been enhanced by the recent collaborative working with York University to extend the access to Eduroam via the city connect wifi platform.
- Connection Vouchers. The York Voucher Connection Scheme has always been seen as the mainstay of the national SCC programme. Over the first 12 months, 23 vouchers have been delivered allowing these SMEs to more than double their broadband speeds. For businesses supported by the voucher scheme/ grant the increased competition has lowered average monthly revenue costs for broadband service from £460 to £75.

45. Challenge: In York average weekly gross earnings of residents have fallen (from £520 to £479) but nationally pay has increased (to an average £521 a week). Regionally pay is static. In line with the approach proposed in the draft Council Plan, the Council is working with businesses to understand and address this trend, while also promoting the benefits of paying the Living Wage

Build Strong Communities

46. Achievement: The net number of additional homes provided increased to 523 in 2014/14 from 345 in 2013/14. Construction of a further 655 homes at Germany Beck moved a step closer after the Appeal Court denied further appeals to block development.

47. Achievement: York Central has been given Housing Zone status which gives the opportunity to accelerate development of up to 1,100 homes on brown-field land, as part of an emerging partnership between Network Rail and City of York Council.

48. Achievement: The Council has been awarded the Excellent Level of the Equality Framework for Local Government. Positive findings included members engaging directly with communities on equality and fairness issues and that the Council and employees have clear understanding of their role in the equalities agenda. However, more needs to be done. An action plan to address the issues identified in the review is being developed. It is intended that this will be approved by the responsible Executive Member in September. Work is also underway through the

Fairness and Equalities Board on a city-wide plan for equalities which will be launched later this year.

49. Challenge: The average number of days taken to remove obscene graffiti has increased to nearly 1.34 in Quarter 4 from 0.69 in 2013/14. Investment of £25k in additional city wide cleaning has been identified in the emergency budget.
50. Challenge: The attainment gap between pupils from deprived backgrounds and their peers continues to be an area of focus both nationally and in York. In 2014 the Key Stage 2 attainment gap in York narrowed (improved) but at Key Stage 4 it widened and is now the third worst of all Local Authorities in England. Analysis showed the widening of the gap was affected by several smaller pupil groups and the Council, schools and partners are investigating further. An additional £25k has been identified in the emergency budget to address this issue, in line with the priority set out in the draft Council Plan

Protect Vulnerable People

51. Achievement: The latest 2013/14 figures show Childhood Obesity is improving in York, while nationally they are worsening. However, while only around 8% of children starting school are obese, by the end of Primary School this has nearly doubled.
52. Achievement: By May 2015, all 315 of York's Phase 1 Troubled Families had been "turned around" or met outcomes for reducing crime, anti-social behaviour, absence from school and worklessness (99% nationally). Work on Phase 2 (targeting a further 1,030 families over 5 years) continues and has already identified over 300 additional Troubled Families. 52 families have entered the programme, with a further 175 required by March 2016.
53. Achievement: The percentage of pupils gaining five or more A*-C grades at GCSE (or equivalent), including English and Maths, is 62%. This is 6 percentage points above the national average and places York in the top spot in the Yorkshire and Humber region.
54. Achievement: The fourth national Stock Take on Care Act readiness has been completed and the outcome of consultation on Part 2 of Act will be released in July, following a spending review. Final guidance on the Care Act and its regulations may be delayed until later in the year.

55. Challenge: Delayed discharges from Hospital due to Adult Social Care have decreased to 6.4 per 100,000 population in Quarter 4 from 11.1 in Q4 2013/14. Despite the reduction, performance is likely to remain worse than regional and national averages which were 2.5 and 3.1 per 100,000 respectively in 13/14. The bottom-up review of health and adult social care proposed in the draft Council Plan and funded through the allocation of £50k within the emergency budget will help understand better the reasons for this performance and help address the underlying issues.
56. Challenge: In York an estimated 14.5% of 15 year olds are regular or occasional smokers, compared to the national estimate of 12.7%. The figures mirror adult smoking rates which are falling less rapidly in some areas, with smoking rates considerably higher in deprived communities. Smoking is the single biggest cause of the difference in life expectancy between the richest and poorest in England.

Protect the Environment

57. Achievement: A contract to build a new waste treatment facility was signed with AmeyCespa in November 2014. Construction will take 36 months and the facility should be operational in 2018, producing enough electricity to power 40,000 homes.
58. Achievement: A contract was also signed with a consortium, known locally as Better Homes York, to implement and promote the Green Deal. To launch the scheme in York, 80 Green Deal Communities Fund Vouchers will be offered which will help with the costs of installing green measures in homes.
59. Achievement: The council has been awarded an additional £475,760 from the Government to help convert older diesel buses into electric vehicles.
60. Challenge: The total cost of Landfill Tax for Household and Commercial waste increased to just under £4.2m (from £3.8m in 2013/14).
61. Challenge: Whilst performance on waste recycled and composted has improved slightly in 2014/15 to 44.11%, performance has not improved significantly and remains below best performance in 2011/12 (46.41%). The Council will carry out research on how promotional work has influenced the quality of material collected in waste services. The city centre kerbside recycling service is being reviewed to identify

barriers impacting participation. There is also a renewed focus on this issue in the draft Council Plan and emergency budget.

Get York Moving

62. Achievement: Evaluation of The Tour de France highlighted an estimated £102m benefit to the Yorkshire economy with around 1.8 million people feeling inspired to cycle more frequently. York's economy benefitted from £8.3m in spends over the weekend.
63. Achievement: the council's i-Travel York initiative, made possible by £4.6 million of government funding which the council successfully bid for in 2011, and a further £1million awarded last year, targets areas of the city where there are high numbers of short car trips to employment and retail destinations. 12,240 households have been engaged by Personal Travel Advisers to help them plan to travel sustainably.
64. Challenge: The percent of customers arriving at York Station by sustainable modes of transport (cycling, walking, taxi or bus) has decreased to 68.3% from 73% in 2013/14. The draft Council Plan sets out a continuing focus on sustainable transport in order to help address this. Extra support of £75k for local and rural bus travel has been included within the emergency budget.

Our Organisation

65. Achievement: New speech server telephony software has been introduced which improves the experience of callers using automated speech recognition. The technology could also be used to allow customers to navigate themselves to information they require without having to talk to a member of staff and opportunities for further deployment of this technology are being explored.
66. Achievement: Council Tax and Business Rate collection have improved throughout the year and are on a par with previous year levels at 97.5% and 98.2% respectively (both 98% in 2013/14).
67. Achievement: The Workforce Strategy 2012-2015 had five key themes, Skills and Behaviours, Recruitment and Retention, Pay, Reward and Recognition, Wellbeing and Engagement, and Performance and Change. Under each of the key themes, a range of measures have been delivered, such as the introduction of a Behavioural Standards Framework and a Rising Stars Programme for High Performers, a new staff discounts scheme with national and local discounts, the Living

Wage and the Living Wage allowance for apprentices, a Support through Change programme, and a new Performance Management Framework.

68. Challenge: Sickness in the Council averaged 11.4 days per employee between April and March, which is higher than 2013/14 (8.39 days).
69. Challenge: In Quarter 4 79.5% of telephone calls into the York Customer Centre were answered, 47.6% within 20 seconds. This is an improvement from 2013/14 when 76.4% of calls were answered, 42.5% in 20 seconds. Securing further improvements to performance in the Customer Centre is a priority in the draft Council Plan.

Implications

70. The financial implications are all dealt with in the body of the report.
71. There are no other specific implications of this report.

Recommendations

72. Members are asked to note the year end under spend of £688k and that this has been fully utilised in the emergency budget motion agreed by Council on the 16th July.

Reason: To ensure significant financial issues can be appropriately dealt with.

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Wards Affected: All			
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Annex one – Performance Dashboards