
Executive

9 October 2007

Joint Report of the Director of People & Improvement & Head of Finance

First Performance and Financial Monitor - 2007/08

Purpose of the Report

- 1 This report provides details of the headline performance issues from the performance monitor session on the 26th September 2007. It also builds on this to present the latest projection of the Council's revenue income and expenditure for the current year.

Background

- 2 This year's first monitor session looked at a number of different areas of corporate performance, considered under three separate categories:
 - Progress on our corporate *priorities*.
 - A *corporate health* check for the Council (i.e. financial performance, staff performance, CPA and Customer First statistics)
 - Key performance issues of corporate significance from *directorates*.
- 3 This report follows the same format and all analytical performance data, reports and presentations used at the session have been added to the Council's intranet site, under '*Documents & Information/Council/performance information & management*'.

Summary of Performance headlines from Monitor 1

- 4 A number of performance issues were identified at the monitor session for Directors and Executive members to address before the next monitor in December. The key ones are:
 - *Capacity problems with planning & development projects*: There are currently an unprecedented number of large-scale developments coming forward which have the potential to be very good for the city, but (as things stand) there is insufficient staffing capacity to ensure timely and successful delivery. Any delays could affect improvement across all areas of the council, as many areas rely on this type of work to achieve their own improvement targets.
 - *Staff sickness*: Although this first part of the year has seen a slight reduction in staff sickness in some directorates, our overall performance is still very poor in comparison to other councils. A new sickness management policy is being introduced in October 2007 and this will need to be implemented effectively if we are to tackle this issue more robustly.
 - *Easy@york*: progress and improvements from Easy@york have now begun to increase in pace, with the York Customer Centre (YCC) handling many more enquiries. There has also been a significant increase in the number of on-line transactions available to our customers. To ensure this level of progress continues to be rolled out smoothly to local residents, effective communication and consultation is paramount.

- *Communication of major performance achievements:* A number of significant performance achievements in educational assessment & attainment and community safety are covered in this monitor report (see para 70 & Annex 1). These need to be communicated more effectively, both within the council and to local residents.

Progress on Priorities

- 5 The monitor session reviewed progress on the Council's existing corporate priorities (see Annex 1 for a synopsis update of each). The Executive considered a refreshed and improved corporate strategy on 25th September. This incorporates much of the content of the existing strategy but includes a series of longer-term direction setting statements and has been updated to reflect changes in local priorities. This is reflected in a widening of the Science City priority and the addition of a new climate change priority. A new people priority has also been added replacing the existing partnership priority (which is now a higher-level direction setting statement). It is intended that the key focus of future Monitors will be to track progress against the priorities in the refreshed corporate strategy.

Changes to OEP priorities

- 6 The values have a key and complementary role alongside the direction statements. Focusing on Leadership, Customers, People (i.e. our staff) and Improvement, these values will determine the way we work in future, shape attitudes and behaviours, and crucially improve our organisational culture.
- 7 These values (taken directly from the council's existing vision statement) are intended to replace the 4 internal improvement priorities within our existing corporate strategy (Leadership, Customer Focus, Improvement and Partnerships). Three overlap, the fourth, partnerships will be replaced by the people priority. Working effectively in partnership is however seen as fundamental to our organisational success so is now reflected as one of the long-term direction statements described above.

Changes to service priorities

- 8 The service related priorities for improvement are 10 key areas that have been identified as areas where the council needs to make considerable progress over the next 4 years. They are identical to the 9 service priorities in our existing corporate strategy with a couple of key exceptions.
- 9 The previous priority around Science City York has been widened to respond to the recommendations contained in the Future York Group report; and, a new priority for improvement around climate change has been added - on the basis of the importance placed on this aspect in the political prospectus:
 - Refocused Science City priority: *"Improve the economic prosperity of the people of York with a focus on minimising income differentials"*
(previously Improve the contribution that Science City York makes to economic prosperity)
 - Added climate change priority: *"Reduce the environmental impact of council activities and encourage, empower and promote others to do the same"*

Staff performance – corporate overview

- 10 Corporate sickness absence levels are still very high, but stable compared to last year, with only a small 0.01 days per FTE increase on the equivalent period in 2006/07 (see Annex 2). However, the situation across directorates is rather more varied, with a 15%

fall in LCCS and City Strategy being matched by rises in Chief Executives and Resources. Chief Execs, Resources, LCCS and City Strategy are performing comparatively well and are expected to meet or exceed the corporate target. However Neighbourhood Services and HASS continue to perform poorly with the performance in Neighbourhood Services worsening and HASS only showing a small improvement (less than 1%).

Directorate	2006/07 Outturn	Staff sickness levels (Apr – June 06)	Staff sickness levels (Apr – June 07)
Corporate Figure	12.90 days	2.81 days	2.82 days
Chief Executive	5.07 days	1.08 days	1.18 days
Neighbourhood Services	16.8 days	4.20 days	4.56 days
City Strategy	11.43 days	2.96 days	2.71 days
Resources	10.38 days	1.70 days	2.01 days
LCCS	9.96 days	2.51 days	2.14 days
HASS	21.11 days	4.52 days	4.49 days

- 11 The Council has been amongst the lowest bottom quartile for BVPI12 (days lost due to sickness absence), for a number of years now. Significant work has been undertaken in HR through the *Attendance at Work* project to raise the profile of sickness absence and absence management processes will be in place in October. In addition, HR is currently undertaking a piece of diagnostic work to identify root causes of absence as well as moving on to the next stage of the Attendance at Work project, which will concentrate on developing proactive measures to enable attendance. However these are medium to long term measures and if quarter 1 is comparable to last year, it is unlikely that 2007/08 will show any significant shift without the new sickness absence processes being fully implemented across the Council.

Stress

- 12 Stress levels are similar to the same period last year. Neighbourhood Services have seen a significant rise, as has Resources, albeit from a much lower base line, whilst City Strategy has almost halved its stress levels.

Turnover

- 13 The Council continues to have below average levels of employee turnover. This quarterly figure would suggest an outturn of 11% for full year, however, it is likely to rise slightly, as the peak time for staff turnover in schools is in quarter 2 at the end of the school year. As a result, we may see turnover levels relatively unchanged for 2007/08.

Directorate	Turnover levels for (Apr – June 2007)	2006/07 Outturn
Corporate Figure	12.02%	2.75%
Chief Executive	14.00%	3.34%
Neighbourhood Services	16.12%	3.54%
City Strategy	15.74%	4.26%
Resources	15.41%	2.44%
LCCS	12.96%	2.34%
HASS	16.95%	3.12%

Equalities

- 14 There has been a slight drop in the council's employment of disabled staff – down from 2.1% to 1.9%, but there has been an improvement in the Council's employment of BME groups. The fastest growing minority ethnic group in York is the White non-British category and in this area, the numbers employed by the Council have increased significantly, from 3.1% to 4.2% over the last 12 months, against a city population of 6.1%.
- 15 Taking the official BVPI figures (which do not include white non British) however, the figure drops to 1.2%, the same as last year, against a local population of 2.35%. It is anticipated that the development and implementation of the recruitment strategy over the next 6-9 months will result in an improvement in these figures in future years, which will sit alongside the work undertaken through the equality strategy and the equality in employment improvement plans.
- 16 The Council has also carried out equalities focused consultation with our residents. In June two community conferences were held to get feedback on 13 different council services from local disabled ethnic minority residents. Delegates were able to have their say on issues such as accessible housing, affordable housing, healthy active lifestyles, childcare and access to York city centre. The results of the feedback is being used by services to help develop plans a strategies to help ensure our services are delivered and designed with equalities in mind.

Health and Safety

- 17 Over the past couple of years the RIDDOR incidents we reported to the HSE (Health and Safety Executive) have remained fairly stable (61 for 2006/07 compared to 60 the year before). Unfortunately, there has been a significant rise in RIDDOR reportable incidents for the first period of this year. This is partly due to changes in the definition of those incidents, which are deemed to be RIDDOR reportable by the HSE. However, work done in the H&S team to improve awareness of Health and Safety practices across the Council, and the introduction of a new Incident, Reporting and Investigation policy in March, has almost certainly led to more robust incident reporting.
- 18 Neighbourhood Services experienced 2 incidents of road diggers striking power cables (one in December 06 and one in August 07). The procedures we have in place to avoid these type of incidents have now been checked and reinforced. NEDL have also provided the council with a detailed map of all power cable lines, which should effectively address the problem.

Comprehensive Performance Assessment

- 19 This year the council is undertaking a comprehensive corporate self-assessment exercise as a lead-in to our formal 2009 CPA inspection, which starts on the 28th January 2008. We have not had a corporate inspection since 2002 and it is worth noting that the results of the new inspection will be probably be used for following 3 or more years (i.e. up to 2012).
- 20 The Audit Commission's overall CPA 'harder test' framework assesses on a five point score, with 0 low and 4 the highest. The corporate assessment covers 5 themes – Ambition, Prioritisation, Capacity, Performance Management and Achievement (see table on next page). Each theme is given a score between 1 and 4, and then a score is formulated using the criteria in the table below.

Corporate assessment rules

Scores on 5 themes (4 corporate themes and overall score for achievement)	Overall Corporate Assessment score
Two or more themes with a score of 4 None less than score of 3	4
Three or more themes with a score of 3 or more None less than score of 2	3
Three or more themes with a score of 2 or more	2
Any other combination	1

21 Members have previously been informed that due to the 'harder test', we expect this inspection to result in the corporate rating dropping from 3 to 2. This puts additional pressure on the service blocks to do well to maintain the council's 3 star rating. The predicted service scores as things stand are shown in Annex 4. Although these predictions should be seen as fairly accurate, a more complete picture of the block scores will be available for the next monitor session in December, as this is when:

- the Audit Commission's comparative quartile data for 2006/07 is formally published and the block thresholds change.
- directorates will have produced more in-year performance data. Unfortunately, data is currently unavailable for around 60% of our CPA indicators.

22 The table below shows that if the corporate assessment scores a 2, the Level 1 services must score no lower than a 3, and the Level 2 services no lower than a 2, to retain our 3* rating.

Predicted CPA scorecard (February 2007)

	Category	2006	2007	Notes
	Corporate Rating	3	2	This may change after initial self assessment has been reviewed.
	Direction of Travel	Improving adequately	Not yet assessed	
Level 1	Children & Young People	4	4	via OFSTED and CSCI
	Adult Social Care	3	3	via CSCI
	Use of Resources *	2	3	via Audit Commission.
Level 2	Benefits	3	3	Via benefits Fraud Inspection (BFI)
	Culture	2	2	Cultural Services inspection – 2 PIs – 2
	Environment	3	3	Waste Management inspection – 2 PIs – 3
	Housing	2	2	Supporting People Inspection – 2 Housing Management PIs – 2 Community Housing PIs – 2
	Council Rating	3 star	3 star	

* Crucial that we score a 3 otherwise we may drop to a 2 star council

23 The scorecard above shows that the Use of Resources score would need to be a 3 by 2008/09. If the auditors are satisfied with our partnership arrangements and there is no material error in our accounts – there should be no reason not to expect a 3. All the other blocks will also need to show stability or improve to ensure an overall CPA rating of 3*. It should be noted that securing a score of 2 in the corporate assessment is also imperative to this scenario.

Local Public Service Agreement (LPSA2)

24 Only a handful of indicators, which feature in the LPSA2 agreement, can be reported at this time. As a result, the overall picture shown has not changed much since monitor 3 at the end of 2006/7 (see Annex 4). Of those that can be reported however, two indicators have improved to the extent that we feel able to revise upwards our projections for payment of the reward grant. These cover vehicle interference and thefts from a vehicle, both of which have improved significantly over 2007/8 to date. Providing these trends remain consistent, both these indicators will attract the full payment of reward grant. This projection is susceptible however, to fluctuation and given the small numbers involved could be knocked off course by a small spree of vehicle crime such as that witnessed last year in the Clifton area.

25 Three indicators remain difficult to predict performance on due to the lack of interim data available. These are; the youth offending measures and adult participation in sport, all of which will not be measured again until the conclusion of the LPSA.

26 Based on the above projections, the amount of reward grant it is now estimated we will achieve overall is £2,207,988, an increase of approximately £79,000 based on the projections at year end and representing about 56% of the overall grant available.

Customer First Statistics

27 The majority of our customer first results for April to June show high levels of performance across the different standards (see Annex 5). There were however, a few exceptions, which are being addressed corporately, or dealt with by the directorate responsible:

- The % of letters answered within 10 working days is declining in HASS. The directorate managed to answer just 89% in the first quarter of this year, compared to 98% for the same period last year.
- Neighbourhood Services answered 82% of telephone calls within 20 seconds, down from 85% for the same period last year and well below the corporate average of 91%.
- The number of stage 2 & 3 complaints dealt with within 10 days is currently at 100%. Although this only represents 18 complaints in the first quarter of this year, it is a major improvement on the same period last year. HASS in particular have improved their performance and have also dealt with the vast majority of the complaints received.

Financial performance - corporate overview

28 Table 1 summarises the information presented to the individual EMAPs. It shows that because of one-off reductions in expenditure the projected out-turn is in line with current budget. However, if these one-off 'savings' had not been available the Council could have been heading for an overspend of £4,141k on the non Dedicated Schools Grant (DSG) functions.

- 29 There is an overspend of £146k on the DSG functions, however, under the terms and conditions of the DSG any in-year overspend can only either be funded from the general fund or carried forward and deducted from the following financial year's DSG. The proposal is to take the latter course of action and the overspend therefore does not need to be financed by the general fund.
- 30 The overspend on general fund services includes four principle elements:
- increased service expenditure pressures (either increased expenditure or reduced income) +£4,141k;
 - reduced service costs (either reduced expenditure or increased income) -£2,868k;
 - variations in central budgets controlled by the Executive -£852k
 - with a further -£409k from action proposed by Directors and agreed at the EMAPs.
- 31 Of the reduced service costs and action agreed at the EMAPs a proportion comes from underspends on budgets where the spend will not occur until 2008/09 (e.g. on the FMS replacement project), and a request will be made to carry these budgets forward at the end of the financial year.
- 32 While the projected out-turn is close to the budget this is due to a number of one-off occurrences which mask the true financial position of the authority. In overall terms the council faces a number of on-going budget pressures and future budget rounds will need to identify appropriate actions to control and mitigate them. The use of reserves to plug such gaps is unsustainable as it merely offsets problems and can lead to a continuing deterioration in the Council's underlying financial position. The Council's policy of only using one-off resources to meet one-off spending pressures is designed to explicitly negate such a risk.
- 33 The trading activity of Neighbourhood Services is reporting a lower than required profit for the year, but are continuing to look for action that can be taken to improve the position. The HRA out-turn working balance is expected to be £5,634k, £7k less than the current budget.
- 34 The level of total reserves reported at Annex 13 is currently projected at £7,572k. Any overspend will reduce the overall level of reserves. The minimum level recommended by the CPA is £5,201k.
- 35 In addition the report also provides:
- an update on the achievements of growth items and efficiency savings incorporated into the 2007/08 budget.
 - requests for virements and supplementary estimates.

The General Fund

- 36 The General Fund net expenditure budget for 2007/08 was originally set at £105,088k, (£103,226k after the use of balances and reserves). Adjustments have been made between the profit expected from trading activities of Neighbourhood Services and general fund services as a result of allocating procurement savings, corporate budgets including the provision made during the budget process for increased NNDR liability at Hazel Court and a re-analysis of the Neighbourhood savings. These amendments total

£316k. In addition Members have agreed various other increased budgets, utilising reserves, and are asked to approve a further transfer of £152k between general fund and traded activities (see paragraph 58). The net effect of these changes has been to increase the net expenditure budget to £106,956k, and the details are shown at Annex 6.

- 37 A comprehensive breakdown of the projected position on the General Fund is shown in Table 1. Key parts of this are explained in paragraphs 68 to 85 and more detailed information is available in individual EMAP reports. An analysis of the key items which comprise current under and overspends for the Treasury Management activity is shown at Annex 7 and those for central services are in Annex 8.
- 38 Some of the underspending areas identified in the EMAP reports are delays in projects or deferral of expenditure (e.g. project slippage within the Resources area of £383k), and a request will be made to carry these resources forward into the next financial year. The reported position is therefore distorted by these amounts. Full details of the causes of the service variations were outlined in the individual EMAP reports and the overall financial position is summarised in Table 1.
- 39 As can be seen from Table 1 the increased spending pressures in service areas amount to £4,141k, with a further £279k on centrally controlled budgets. Wherever possible Departmental Management Teams/EMAPs have identified savings and action that can be taken to reduce the net effect of these pressures, reducing the net overspend on services to £864k. These increased service net costs have been more than matched by projected savings on centrally controlled budgets, almost entirely due to the improved position on interest rates and the ability to defer borrowing (see paragraph 45). However, the 'savings' on both departmental and central budgets are to a large extent one-off and mask the true financial pressures facing the Council, which will need to be addressed as part of future budget processes.
- 40 The 2007/08 budget included £3,725k for expenditure on growth items and £4,417k of budget/efficiency savings and with very few exceptions they are all being achieved. Where problems are being encountered these were highlighted in relevant EMAP reports. The growth items are set out in Annex 9, but all are on target to be delivered.

Table 1 - Summary of Budgets and Variations

	Currently Approved Budget				Variances					Projected Out-turn £000
	Gross Exp.	Notional Interest	Income	Net Budget	Over-spends Identified	Under-spends Identified	Action Agreed at EMAP	Out-turn to Net Budget		
	£000	£000	£000	£000	£000	£000	£000	£000	%	
Service Area										
Children's Services (non DSG)	64,471	4,733	(43,574)	25,630	+551	-158	-22	+371	1.4	25,988
Leisure and Culture	12,169	1,715	(4,329)	9,555	+163	-42	-17	+104	1.1	9,599
Economic Development	5,458	180	(3,375)	2,263	+62	-52	-	+10	0.4	2,273
City Strategy	30,852	3,105	(19,300)	14,657	+1,266	-492	-370	+404	2.8	15,061
Neighbourhood Services ¹	19,181	457	(5,219)	14,419	+25	-9	-	+16	0.1	14,435
Chief Executive's Department	9,743	-	(4,617)	5,126	+349	-258	-	+91	1.8	5,217
Resources	61,804	2,207	(59,279)	4,732	+465	-970	-	-505	10.7	4,143
- capital receipt income funded	200	-	(200)	-	+200	-	-	+200	N/A	200
Housing General Fund	12,192	52	(10,942)	1,302	+36	-101	-	-65	5.0	1,237
Adult Social Services	57,410	645	(23,872)	34,183	+1,024	-786	-	+238	0.7	34,416
Total of Service Areas	273,480	13,094	(174,707)	111,867	+4,141	-2,868	-409	+864	0.8	112,569
Centrally Held Budgets										
Notional Interest	-	(13,094)	-	(13,094)	-	-	-	-	-	(13,094)
Contribution from Cap Fin Acct	-	-	(5,669)	(5,669)	-	-	-	-	-	(5,669)
Treasury Management	10,983	-	(3,576)	7,407	-	-750	-	-750	10.1	6,657
Other Central Budgets	5,845	-	-	5,845	+279	-381	-	-102	1.7	5,743
General Contingency ¹	600	-	-	600	-	-	-	-	-	600
Non DSG General Fund Total	290,908	-	(183,952)	106,956	+4,420	-3,999	-409	+12	-	106,806
Children's Services (DSG)	83,835	-	(83,835)	-	+807	-661	-146	-	N/A	-
General Fund Total	374,743	-	(267,787)	106,956	+5,227	-4,660	-555	+12	-	106,806

¹ This includes the effect of the budget transfer with traded services recommended for approval by the Executive

- 41 The variations reported on budget/efficiency savings items are set out in Annex 10 and include:
- 41.1 Children's Services (general fund services) - saving on the cost of home to school transport of £70k unlikely to be achieved and only £55k of the target for in-year savings is likely to be delivered.
 - 41.2 Leisure and Culture - additional income generation of £5k at the library service is unlikely to be achieved.
 - 41.3 City Strategy - the savings proposal to maximise commercial opportunities (£100k) has been deferred until April 2008 and the income from charging for pre-application advice in development control (£30k) has been reduced by half due to delays in getting the scheme in place.
 - 41.4 Neighbourhood Services - two savings on the general fund side are not expected to be achievable, but both have been replaced with savings on utility and repairs budgets. On the traded activity side one saving will be met through increased profit on civic engineering and two further ones within the building services section will only be partially delivered.
 - 41.5 Chief Executive's - two proposals are unlikely to be achieved; the income from sponsoring city boundary signs (£20k), although work is still being undertaken on this, and saving on the cost of stress counselling (£8k).
 - 41.6 Resources - the saving from revenues and benefits management (£50k) is not achievable due to a delay in transferring the function fully into the customer centre. It will be delivered in 2008/09.
 - 41.7 Adult Social Services - the savings of £28.4k and £21.4k on learning disabilities services are unlikely to be achieved.
 - 41.8 Children's Services (dedicated schools grant services) - all savings are on target except for the £14k saving expected from reduced provision of home tuition and £14k from a reduction to the learning support assistants budget.

Centrally Held Budgets

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

Notional Interest Income

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

Contribution from Capital Finance Account

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

Treasury Management

- 45 The Capital and Treasury Management part of Strategic Finance are currently predicting that treasury management will produce a surplus (underspend) of £750k. This is mainly due to three key events: a delay in borrowing due to the high cost of borrowing which has been made possible by strong cash-flows (£144k); interest earned on higher average

balances than anticipated (£192k); and an overall increase in interest rates throughout the year is projected to contribute additional interest income (£307k). Annex 7 shows the key variances that contribute to this surplus.

- 46 The projections are based on the best advice, but money markets are volatile and cash balances change rapidly so these predictions should be treated with caution. Each 0.25% change in interest rates will mean a change in the return on investments of approximately £50k per annum. It is worth noting that the current structure of Council borrowing and investments means that high interest rates are, at present, beneficial to the Council.
- 47 The recent turmoil in the money markets has resulted in higher than expected returns on the Council's investments by taking advantage of the high rates offered by institutions. The Council is restricted to the type of institutions that it can invest with, the level of that investment and period over which it can place an investment. The restrictions are based on the credit ratings from the credit rating agencies and interpreted by Sector, our Treasury Management Advisors.
- 48 There has been a lot of press coverage over the position of Northern Rock Bank PLC. The Council is permitted, within its treasury management procedures, to invest up to a maximum of £8m with Northern Rock Bank for no more than three months. The Council's current exposure to Northern Rock is £3.5m, with £2m maturing on 31 October 2007 with the remaining £1.5m maturing on 15 November 2007. The Government and Bank of England have agreed to underwrite all deposits placed with the Northern Rock prior to the recent troubles. The Council's investments are therefore safe.
- 49 The news that Northern Rock was having short term difficulties meant that the treasury management team took the proactive decision to removed them from the Council's list of institutions it can invest with. This decision has been confirmed by subsequent downgrading of the bank by the leading credit rating agencies.

Other Central Budgets

- 50 These budgets cover a variety of funding held centrally and details are shown at Annex 8. The majority of the budgets are for contractual purposes and will be fully required.
- 51 The projection on redundancies and pensions currently shows an overspend of £278k. This has been prepared using information on all known redundancy situations for the remainder of the year, most of which have arisen from 2007/08 budget savings and changing rolls within schools. Table 2 below gives the details. However, should there be further restructures during the remainder of the financial year the cost pressures will increase.
- 52 As part of the budget process this area was identified as a potential cost pressure, and account was taken in both the recurring pressure areas, to be funded from the contingency, and the non-recurring pressures areas, to be funded using reserves as shown in Annexes 11 and 12. The current pressures are all non-recurring and therefore should be funded by utilising reserves, and a request for a supplementary estimate of £278k is being requested (see paragraph 60). By utilising reserves to fund these one-off costs the recurring budget for contingency can be redirected to other pressures.

Table 2 - Details of Redundancies and Early Retirement Costs

	£(000)	£(000)
Annual charges for prior year retirements		711
Local Government Pension Scheme		
Redundancy payments	289	
Redundancy retirements	137	426
Teachers' Pension Scheme		
Redundancy payments	402	
Redundancy retirements	48	450
Administration charge		30
TOTAL		1,617

- 53 Members were promised an update in all monitoring reports of the value of NNDR rate refunds following successful appeals. The refunds received to date, after deducting all fees due to the Council's agents and the fee expected to be paid to property services, is £90k. It is projected that this may increase to £200k by 31 March 2008, and the latter figure has been included in Annex 13.
- 54 In addition to the above income that is posted directly to reserves the Council has been advised that it will receive a further £537k through the Local Area Business Growth Incentive scheme (LABGI). Members are asked to approve that this sum is also transferred directly to reserves.

Job Evaluation

- 55 The current position on both Job Evaluation and Equal Pay (including the financial costings) is set out in Annex 15.

General Contingency and Supplementary Estimate Requests

- 56 Contingency funding amounting to £600k was set aside in the budget process. As detailed in Annex 11 there have not been any supplementary estimates approved to date funded from the contingency as the one for Yearsley Pool approved on 12 June has been funded from reserves as it is a non-recurring cost item. As set out in paragraphs 73.2 and 73.3 the Executive Member for City Strategy has requested the release of £200k from the contingency to fund part of the increased cost of Concessionary Fares and the £200k identified during the budget process for planning income shortfalls. In considering these requests due regard must be given to other areas of pressure, which were identified during the budget process as potentially needing funding from the contingency and where there is still a possibility that additional funding may be needed. Annex 11 includes these items and the likely future requirements for additional funding in these areas. It should be noted that the projections do not include any requirement to fund additional pay award costs - if the settlement is higher than currently budgeted then Members are recommended to advise that the costs should be contained within existing departmental budgets. Also the sum identified for voluntary early retirement and redundancy costs has also been declared at nil as any additional costs in the year will be one-off not recurring. The annex shows that if all of these potential demands do materialise the amount now projected to be called down from the contingency fund will total £725k, which will lead to an overspend of £125k.

Virements Requested

- 57 The Council's financial regulations require that any virements between service plan heads of more than £250k are agreed by the Executive as part of the budget monitoring report. The Executive Member for Housing and Adult Social Services has requested authorisation of a virement of £500k within Older People and Physical Disabilities to transfer the sum from residential and nursing to direct payments to realign budgets with activity.
- 58 As part of the ongoing review of the client and customer relationship sides of Neighbourhood Services the Executive Member was asked to consider that all waste budgets, including the operational budget for domestic collection should be classed as general fund. Commercial waste budgets would remain a traded activity. The effect of this action will be to increase general fund costs by £152k, which will be financed by an increase in the surplus to be made by the trading portfolio. The Executive Member for Neighbourhood Services has requested that this budget transfer be approved by the Executive, and the budget position reported within this report are based on the revised figures.

Reserves and Balances

- 59 Annex 13 shows the position on the General Fund reserve which, it is anticipated, will fall from £7,702k at the start of the financial year to £5,395k by the end of the current financial year. Once other reserves are taken into account the level of reserves for CPA purposes is forecast to stand at £7,572k. It should be noted that while this is above the expected CPA target of £5,201k future potential demands have been identified which will reduce the available resources to around £500k by the end of 2009/10.
- 60 Three requests have been made to utilise reserves to fund additional one-off costs in 2007/08. The first is to fund the costs identified for redundancy and early retirement costs in the sum of £278k (see paragraph 52). The second is a request from the Executive Member for City Strategy to fund an additional contribution to the York Citizen's Advice Bureau of £2.5k as set out in paragraph 73.5. Finally the Executive Member for Corporate Services has requested the release of £200k for expenditure that was formerly funded from capital receipts and which now cannot be (see paragraph 83.3).
- 61 Members are reminded that balances are not normally used to fund recurring expenditure and any further large approvals against these balances will reduce the scope for Members to utilise reserves to fund current year overspends or new investment in future years. Using balances to fund recurring expenditure creates funding problems in future years, as the resources will no longer exist, but the expenditure will.

Monitoring Level of Debts

- 62 There are three main areas of income to the Council where it is important that Members are kept informed of the level of the debt, the movement from the beginning of the year, and the likely position at the end of the year. In all cases the Council makes provision for non-collection of the debt, and the level of this is also monitored. The three areas are housing rents, collection fund (both council tax and business rates) and sundry debts.

63 Table 3 sets out a summary of the information on these sources of income, with some further explanatory notes below.

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

	Housing Rents	Council Tax	NNDR	Sundry Debts
Arrears at 31 March 2007		£5,741k	£3,178k	£2,707
current tenants	£712k			
previous tenants	£811k			
Provision for bad/doubtful debts at 31 March 2007	£1,213k	£3,126k	£1,469k	£525k
Value of debts written off so far in 2007/08	£47k	£195k	£83k	£40k
Current value of prior year arrears	See section below	£4,538k	£3,044k	£1,288k
Estimated accounts to be raised in 2007/08	£23,596k	£73,925k	£78,844k	£62,292k
Accounts raised to end of July 2007		£509k	£268k	£20,773k
% collected to end of July	See section below	38.7%	40.48%	96%
Target % to be collected in year	97.86%	97.2%	98.9%	95%
Arrears of in-year debt at end of July	See section below	£1,583k	£502k	£600k

64 Housing Rents

- 64.1 As rents are a weekly charge, arrears are not separately identified into account years. It is therefore not possible to show the current position on collecting prior year arrears.
- 64.2 Percentage of rent collected - the data is calculated annually at the year-end. In 2006/07 97.46% was collected; the target for 2007/08 is 97.86%
- 64.3 Rent arrears as a proportion of the rent roll - year to date 3.41% (6.24% was the 2006/07 out-turn and the target for 2007/08 is 2.05%). These figures include the arrears figures for former tenants.
- 64.4 Rent income lost through voids - year to date 0.26% (1.04% was the 2006/07 out-turn and the target for 2007/08 is 0.9%).
- 64.5 The rent arrears at 31 March 2007 were £54k less than at 31 March 2006.

65 Collection Fund (Council Tax and NNDR)

- 65.1 The collection of in-year Council Tax accounts at the end of July is 0.9% ahead of the same position in 2006/07. An internal target has been set to reduce prior year debt by 55%, and would expect that the level of prior year arrears would be around £4.02m. The current position of £4.54m is a slight shortfall but action continues to be taken to address this. Between April 1996 and March 2007 the total value of Council Tax bills raised was £555.005m, against which write-offs so

far total £1.710m. With current arrears at £4.538m this gives an overall collection rate to date of 98.87%.

- 65.2 The Council raises accounts for and collects the income due on NNDR on behalf of the government. The collection of in-year NNDR accounts at the end of July is slightly behind target, but this is primarily due to the late settlement of the Council's own bills which are usually paid during August. The total of the Council's bills is 3.8% of the collectable sum and helps to increase collection to 53.77% by the end of August, some 4.78% ahead of the same position last year. The position on both current accounts and prior years are prone to fluctuation due to the likelihood of large, and often retrospective, rateable value adjustments issued by the District Valuer. Between April 1996 and March 2007 the total value of NNDR accounts raised was £629.317m, against which write-offs so far total £1.641m. With current arrears at £3.044m this gives an overall collection rate to date of 99.25%.
- 65.3 Other significant action taken to improve the position on this service area are electronic forms and telephone sign-up for Direct Debits for council tax went live in the York Customer Centre from July. Increased direct debits helps improve the collection rate. For NNDR all backlogs of work and valuation changes were cleared in the last financial year, which means that bill and payment queries are resolved promptly, which again helps achieve effective recovery.

66 Sundry Debts

- 66.1 This section includes the miscellaneous debt raised and collected by the Council. It includes such varied income sources as commercial property rental, housing repairs, commercial waste collection, pest control and other fees and charges.
- 66.2 Unlike the other income the total to be raised will vary from year to year, and is not dependant on annual sums due in the same way that housing rents, council tax and NNDR are.
- 66.3 A debt recovery officer has been appointed to ensure that debt is recovered as expediently as possible. During the last six months arrangements have been set up to recover over £131k of debt, including housing benefits overpayments and council tax as well as sundry debts. At the same time the officer has identified £189k of new liabilities for NNDR, which initially benefits the Council in terms of cash-flow, but long-term will be paid to the government.

Cost to the Council of the Level of Arrears

- 67 It is difficult to put a precise figure on the cost of arrears as at any time there are both arrears and prepayments, or refunds due, on all types of income. Also, with annual billing for council tax and NNDR for example, the level of debt recorded is not necessarily due for immediate payment. However, simply using the expected recoverable level of arrears at 31 March 2007 and a notional cost of borrowing at 6.5% would give an annual cost of £443k.

Key Performance Issues from Directorates

- 68 Directorates produced a balanced scorecard showing headlines from three areas of their service performance:
- 68.1 progress on delivering the key actions to support our corporate priorities and imperatives, or any other high profile actions the directorate is delivering.
- 68.2 headlines on key performance indicators that are corporately significant (i.e. they support corporate priorities, LPSA, CPA, etc).

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

69 The full scorecards can be found on the council's intranet, but the key points are:

Learning Culture & Children's

70 Service improvement and key actions:

70.1 CLA: The % of Looked After Children (CLA) in long term placement stability is currently running at 56.7%, just below last year's outturn of 57%. It therefore looks likely that we will not return to the levels achieved in 2005/06 when performance was running at nearly 74%. It should be noted however, that the definition changed in 2006/07 and comparative information is not yet available for this indicator.

70.2 Core assessments: The % of core assessments completed within 35 working days is currently running at 94.3% as a result of new systems being introduced. This is a good increase on the 90.9% achieved in 2006/07 and LCCS expect to significantly exceed the 2007/08 target for this measure which was set at 45%.

70.3 Excluded pupils: The number of permanently excluded pupils in secondary schools has started to increase again, a disappointment given that we experienced a 17% decrease in 2006/07. A meeting of York's secondary headteachers was called in June and a 'Behaviour & Attendance Plan' has now been put in place to tackle the problem. Conversely, the number of fixed term exclusions in the special school sector has decreased markedly.

70.4 Nursery places: The proportion of 3-year olds with a pre-school nursery place in the maintained sector (including holiday places) has increased. Levels for the first 4 months of 2007/08 are already exceeding those for 2006/07, mainly due to increased demand from parents. Similar improvements have been made regarding after school and holiday places.

70.5 Attainment: York's provisional key stage 4 results for 2007 are at 68%. This represents an extremely good trend for 5 A*-C grades at GCSE and this is now 5% above the comparative early national results.

70.6 Museums & Galleries: Visits to museums and galleries per 1000 population continues to increase on what is already top quartile performance. The figure for the first 4 months of 2007/08 is 1563, which indicates that we will exceed the 2006/07 level of 4987 (accounting for seasonal variation). To put this into context, visits have increase by nearly 63% since 2003/04 and we are now the 5th highest performing unitary authority.

70.7 Children Centres: The authority is making excellent progress in developing accredited children's centres with considerable partnership, building and staffing changes well advanced in comparison with other Wave 2 authorities. Two of the centres have already been formally designated as children's centres and the remaining 6 sites are expected to be completed close to the April 2008 target date.

71 Resource management:

71.1 Staff sickness levels are running at 2.6 days per FTE for quarter 1. This is similar to the 2006/07 levels for this period, although stress related absence has reduced slightly. Staff turnover levels have also decreased.

71.2 The majority of the Children's Services budget is funded from the ring-fenced Dedicated Schools Grant (DSG). The current projection is that this area will overspend by £146k, of which the most significant item (£288k) is increased

demand being experienced within the Nursery Education Grant budget due in part to the impact of the Pathfinder projects. Under the terms of the DSG any overspend either have to be funded by a contribution from the Council's general fund in the year, or carried forward and funded from the following year's DSG. The latter process will be followed if there is an overspend at the end of the year.

- 71.3 The general fund areas of Children's Services are projecting an overspend of £371k, of which the two major areas are home to school transport (£146k) and independent fostering agency fees (£185k). The former projection has been prepared based on the summer term prices. A re-tender exercise has been undertaken in time for the Autumn term, and the impact of this on the projection will be reported in monitor two. The fostering agency fees have increased due to a significant increase in the number of children looked after, up to 160 earlier in the year. A clearer picture should be available in time for the second monitor as to whether this trend will be reversed or continue.
- 71.4 Leisure and Culture are projecting a net overspend of £104k, after action is being taken to contain £17k of current overspend within existing resources. Of this £60k relates to projected income shortfalls within the Library Service which could only be dealt with within the Library Service itself by reduced expenditure on library bookstock. It is unlikely that the remaining forecast overspend (£44k) for Sports and Active Leisure can be contained. This pressure has arisen mainly due to the deterioration in income due to the transfer of the Edmund Wilson fitness gym to temporary premises.

City Strategy

72 Service improvement and key actions:

- 72.1 Brownfield site development: The % of new homes built on previously developed land is currently running at 100%. This moves us from 2nd to 1st quartile and exceeds the government's target of 65%. This performance has been achieved due to a large number of applications for Brownfield site development. However, in future years we will perform closer to government target levels as a result of consent being given to a large number of Greenfield sites. This may move us back down to 3rd or 4th quartile performance, although there may be a national trend in Greenfield development, which could affect comparative performance thresholds.
- 72.2 Planning applications: The % of major planning applications determined within 13 weeks is now at 77.8%, a decrease on the 92% achieved in 2006/07, but exceeding this year's government target of 65%. The % of minor applications has increased slightly on last year, currently at 77.5% compared to the 76.9% achieved in 2006/07. We therefore expect to achieve our 2007/08 target of 75%. Planning services are currently experiencing income and grant shortfalls which will lead to a 6% overspend (around £220K).
- 72.3 Economy: York's unemployment rate is still running at 1.2% below the national average and 1.5% below the regional rate. Business confidence is also improving in York, with approx 32% of firms expecting turnover the rise in 2007/08. This is a significant increase on the 26% achieved last year.
- 72.4 Highways & streetlights: 99.25% of highways inspections are now completed with 4 working days, a good increase on the already excellent 95% we achieved in 2005/06. However, the time taken to repair streetlights has increase significantly on the same period last year (1.78 days for quarter 1, compared to 0.39 days

achieved in quarter 1 last year). It should be noted that this is still performing below the 2007/08 target of 1.9 days.

73 Resource management:

- 73.1 Staff sickness levels are running at 2.7 days per FTE for quarter 1. This is the same as that achieved for the same period last year. However, it is encouraging to see that stress related sickness absence has nearly halved compared to quarter 1 last year.
- 73.2 The biggest individual pressure facing the City Strategy directorate is that relating to Concessionary Fares, which are projected to overspend by £740k. This is due to a number of factors, the principal ones being the unfunded costs arising from the appeal decision during 2006/07 and a further anticipated 20% growth in the number of journeys. The additional costs are partially offset by reduced spend on travel tokens amounting to £100k. A supplementary request is being submitted for £200k to meet these additional costs.
- 73.3 Planning income, building control income, land charges income and planning delivery grant (announced after the budget was set), are all below budget. The first three follow trends in previous years, and were identified as potential problem areas during the 2007/08 budget process. A supplementary request is being submitted for £200k to meet this reduced income.
- 73.4 If the supplementary requests are approved the projections are still that there will be an overspend of £374k. The EMAP considered action to further reduce the forecast overspend and agreed to defer expenditure of £370k on highway maintenance until the financial position is more certain. If the budget position improves, e.g. there is additional income or reduced concessionary fare liability, then the schemes will be released and completed during the financial year.
- 73.5 In the Economic Development area Markets income continues to be a problem and further initiatives are being taken. Under arrangements for grants and partnerships the Executive agreed the contribution to the York Citizen Advice Bureau for 2007/08, but also agreed to review the level of grant following the 2006/07 out-turn position. The EMAP recommended that a further one-off grant of £2.5k be made in 2007/08 from the Council's reserves.

Neighbourhood Services

74 Service improvement and key actions:

- 74.1 Recycling & Landfill: Waste recycling levels have continued to increase in the first quarter of this year, with nearly 42% of waste currently being sent for recycling or composting compared to 39.9% in 2006/07. As a result, the tonnage of landfilled continues to decline, despite household waste levels rising in York. This has been achieved through the full roll-out of kerbside cardboard collection, which has had a significant effect on the service, requiring an increase in the number of refuse collection staff and vehicles. The reduction in landfill also impacts upon the council's financial position, by avoiding the government's hefty LATs charges.
- 74.2 Bin collection: The number of missed bin collections per 1,000 population has reduced in the first 4 months of this year. The average is currently running at '54', compared to last year's outturn of nearly 78 and Neighbourhood Services are predicting to achieve this year's target of '60'. Members should note that if this is achieved, it would be a major improvement on 2005/06 outturn of '97.5'. Unfortunately, the % of missed bins put right by the next day is currently to 55%, compared to 58% achieved in 2006/07. Neighbourhood Services are still

predicting that we will still improve on 2006/07 levels, but will fall well short of the 100% target set for missed bins in 2007/08.

74.3 York Pride: Our flagship measures on cleanliness show some very encouraging results from our first in-year survey (first of 3 surveys carried out annually):

- the % of land and highways with unacceptable levels of litter/detritus was at 5% in the 5 wards surveyed. This compares extremely well with the 2006/07 outturn of 19%. If this was maintained and we could achieve 8% or less, this would move us from 4th to top quartile in terms of unitary comparative performance.
- similarly, graffiti levels are at 1% (compared to 6% last year) and fly-posting is at 0%. Again, if this level of cleanliness was maintained for the other 2 in-year surveys, this would be top quartile performance.

74.4 Smoking ban: Neighbourhood services have been selected (along with 8 other authorities) to receive funding for a forthcoming ENCAMS campaign. It will be centred around the effects of the smoking ban on street cleanliness and will help us publicise the effects of littering and highlight enforcement issues in the city.

75 Resource management:

75.1 Staff sickness in Neighbourhood Services continues to be a problem, with 4.56 days per FTE being reported in the first quarter of this year. Stress related absence has also increased significantly (1.24 days compared for quarter 1 compared to 0.54 days for same period last year). Taking into account seasonal changes in sickness absence, the 2007/08 level is forecast to increase on last year's outturn of 16.8 days. As a result, the directorate management team are investing much more time into managing sickness absence and an in-year target of 14% has been set to help focus attention on the issue.

75.2 Twelve RIDDOR incidents were reported in quarter 1 of this year, suggesting that we may exceed the 25 incidents reported in 2006/07. This increase however, mirrors an increased trend in incidents across the council, which reflects the raised profile of Health & Safety, which in turn has led to more incidents being reported.

76 *General Fund Services*

76.1 The overall departmental position is a projected net general fund overspend of £16k, mainly due to variations in staffing costs against budgets.

77 *Trading Activity*

77.1 The trading accounts are forecast to achieve a surplus of £345k against a revised target (including the budget transfer set out in para 60) of £511k. The main reasons for the shortfall are that the building maintenance section is unlikely to achieve its' saving target because of delays in implementing the new structure (up to a shortfall of £78k), and the savings expected to be delivered through a revised school cleaning contract (£120k) may not be achieved. The latter service is currently under review and officers are meeting during September/October to agree a solution that should improve the financial position. Any shortfall against the targeted profit would have to be met from trading services reserves.

Housing and Adult Social Services

78 Service improvement and key actions:

- 78.1 Housing relets: The council's housing relet times continue to improve. Performance is currently running at 21 days (a significant improvement on the 32 days achieved in 2005/06) and now places us well into the top quartile of unitary authorities. This is also a CPA block indicator.
- 78.2 Repairs: The % of urgent housing repairs carried out within the government's timescales is predicted to hit 90% for 2007/08. Although this will be well short of this year's target, it represents a marked improvement on the 83.5% achieved last year. Again, this is a key CPA block indicator. The average time taken to complete non-urgent repairs has also reduced. Current performance stands at 7.9 days, nearly days lower than the 9.7 days achieved in the 2006/07 .
- 78.3 Care assessments: Waiting times for care assessments are currently performing below the government's 'acceptable' thresholds. This is mainly as a result of it taking longer for staff to complete the assessments under the new framework arrangements. Contingency plans are in place to try and improve performance for the latter part of 2007/08.

Acceptable waiting times for assessments:	06/07 outturn	07/08 latest	07/08 target
a) start within 48 hours	82%	81.3%	85%
b) completed within 28 days	79%	51.7%	68%
c) Average acceptable time	80.5%	66.5%	76.5%

- 78.4 Direct payments for over 65s: The number of older people receiving direct payments has increased to '53' for quarter 1. This is exceeding the 2007/08 target of 39 and already represents a improvement on the 47 achieved 2006/07.
- 78.5 MH assessments: The % of people with mental health problems under the age of 65 receiving an assessment within the government time limit of 2 days has increased markedly (quarter 1 is currently showing 64.5% compared to the 2006/07 outturn of 36%).
- 78.6 Work has now started on the relocation of the Peasholme Hostel, which will provide improved facilities for residents and free up land needed for the Hungate development.

79 Resource management:

- 79.1 Staff sickness absence levels in HASS are at 4.49 days per FTE, which represents no improvement on the 4.52 days achieved in the same period last year. Long-term sickness however, is starting to decline (currently 2 days compared to 2.3 days last year) and over time, this may start to bring down the overall level of sickness for the directorate. Staff turnover has also reduced significantly at 3.12% for the first quarter. HASS are therefore forecasting a much lower outturn than the 17% achieved last year.

80 *General Fund Services*

- 80.1 The overall departmental position is a projected net general fund overspend of £173k. The Management Team will be working to bring the overall General Fund expenditure back within budget by the end of the year - which should be achievable given the low percentage of overall spend that the projected overspend represents. It is also worth noting that whilst the overall position is a significant improvement on the position in previous years, it is dependent on

some areas under spending. Should these under spends not be achieved the departmental overspend could increase above the figures quoted here. The budgets will continue to be monitored closely to identify any problems at an early stage.

- 80.2 However, the EMAP were advised of the continued pressures in Learning Disabilities due to the increase in both the number of customers (young people coming into adult services and older people living longer) and the complexity of their needs. This trend is set to continue for the foreseeable future and is a part of a national pattern (an 11% increase in the number of adults in England with a learning disability is expected in the period 2001 to 2021). Ways of accessing income from alternative sources, e.g. Independent Living Fund and NHS Continuing Care, are currently being used with some success by the learning disabilities team. However, it is very unlikely that this will bring the service back within its overall approved budget.
- 80.3 For Housing General Fund services several small items of variations were identified, leading to a small underspend of £65k.

81 *Housing Revenue Account (HRA)*

- 81.1 The current forecasted position on the HRA is a projection for the working balance to be £5,634k at 31 March 2008. This is a small overspend of £7k from the budget for the year. The variances reported to the EMAP included underspends resulting from staffing shortages, savings from not having to fund a shortfall in supporting people income, and additional rent income offset by net additional expenditure on repairs and maintenance due to increased demand.
- 81.2 Members are reminded that it is illegal to budget for a deficit on the HRA and that the HRA is 'ring-fenced' so that any deficit cannot be made up by contributions from the general fund, nor can any surpluses be used to aid general fund services. Further, the District Auditor has highlighted that the HRA is vulnerable to changes in income and expenditure and without a surplus it is less able to meet unforeseen contingencies. He has recommended that the HRA be kept under review and that adequate cover against unforeseen contingencies is maintained.

Resources directorate

82 Service improvement and key actions:

- 82.1 CT & NNDR collection: The % of Council Tax and Non-Domestic Rates collected in the period April to June was 30% and 32% respectively. This is slightly higher than usual for this first part of the year and projections indicate that we are on track to hit our target collection rates of 97.2 (CT) and 97.9% (NNDR) by the end of the financial year. If achieved, this will bring in much needed financial resource for the current year budget.
- 82.2 Benefits: The speed of processing housing and Council Tax benefit claims has improved again, with the average currently running at 32 days. This is a good improvement on the 35 days in 2006/07 and 40 days in 2005/06. This moves us up from 3rd to 2nd quartile performance when compared to other unitary authorities. It is also a key CPA indicator. Unfortunately, the time taken to process change in circumstances for Housing and council tax benefits has increased to 16 days in the first quarter of this year. This is 1 day more than last year's performance and 2 days off our 2007/08 target. If maintained, it will also see us move from 2nd to 3rd quartile. This may be avoided as a number of bulk

rent increases from registered social landlord properties are expected which count as one day transactions and should help improve our annual average.

- 82.3 Building access: The number of council buildings open to the public with access for disabled people has risen to 85%, a 4% increase on last year's performance. Since 2005/06, when we had 72% of buildings accessible, our improvements have moved us well into the top quartile of unitary authorities. This is an excellent achievement given the difficulty of adapting most of York's council buildings.
 - 82.4 Invoice processing: The % of invoices paid within 30 days is now running at our very challenging target level of 95%. This is a 1.7% improvement on last year and will move us from 2nd to top quartile if achieved.
 - 82.5 FMS: Procurement for the replacement of the Council's financial management system (FMS) has now started and this is likely to have major resource implications across the authority.
 - 82.6 Hungate project: The Admin accommodation project continues to run on target, with the design stage for Hungate now underway and planning approval finalised by January 2008. Once the design stage is complete, a range of supporting projects will be pulled together to help start planning for occupation.
 - 82.7 Pay & grading: 90% of all equal pay liabilities from the pay & grading review have now been settled. This has minimised the financial risk to the council, but has also led to a 12-month delay to the job evaluation part of the review.
 - 82.8 Easy@york: The Revenues service has now been successfully implemented into the York Customer Centre (YCC). Around 90% of all transactions are now handled by the front office and 60-70% of processes are now fully automated, with no back office work. The changes to the Revenues service will also lead to future improvements for BVPI 9 (% of Council tax collected).
- 83 Resource management:
- 83.1 Sickness absence levels in Resources are currently running slightly higher for the first quarter of 2007/08 than the same period last year (2 days compared to 1.7 days). This may be as a result of an increase in long-term sickness, which is currently running at 0.81 days compared to 0.29 days in the first quarter of 2006/07. Stress related absence has also increased from 0.12 to 0.25 days.
 - 83.2 Staff turnover has reduced significantly, currently standing at 2.4%, Resources are predicting a much lower outturn than the 15.41% reported last year.
 - 83.3 The headline underspend of £505k is larger than normally identified at this early stage. However it includes a saving of £383k following a thorough review of spending in IT and related projects all of which is slippage on projects and which will be required in 2008/09 and it also reflects the decision to repay venture fund loans at the end of 2006/07 producing revenue budget savings of £251k. It does not include expenditure of £200k on property services which was formerly funded from capital receipts income which the new code of practice prevents. This is shown separately on Table 1. The Executive Member for Corporate Services has requested the release of funds from reserves to fund this as a one-off in 2007/08, and it will be the subject of a growth bid for the 2008/09 budgets.
 - 83.4 The main areas where there are overspends are in the audit and risk management section, due to additional costs of housing benefit investigations and the probability that there will be no dividend from the Yorkshire Purchasing Organisation, and in property services due to overspends on administrative accommodation and reduced income from asset and property management.

Chief Executive's

84 Service improvement and key actions:

- 84.1 Resident satisfaction: The latest Talkabout in-year results indicate that the % of York's citizens satisfied with the overall services provided by the council has increased to 59%. This compared very favourably to the same survey result from last year, which was just 48%. If this result is maintained or improved in other Talkabout surveys carried out later in the year, it will represent a major improvement on the final outturn of 44% we reported in 2006/07.
- 84.2 Health & Safety: The council recorded 23 RIDDOR accidents in quarter 1 of this year, compared to 16 for the same period last year. Early indications are that we may miss our 2007/08 target of 59 accidents and exceed the 62 which were reported in 2006/07. The increase is due to the introduction of a new Incident & Reporting and Investigation policy earlier in the year. The launch was supported by a number of awareness raising workshops and this may have led to more accidents being reported.
- 84.3 Staff turnover: Overall staff turnover across the council has increased from 2.32% to 2.75% when comparing quarter 1 with the same period last year (a proportional increase of 19%).
- 84.4 CPA: Work to develop a formal self-assessment for CPA is now well underway. An initial draft version has been considered by CMT and this has been used to identify key areas for improvement prior to, and after, formal submission. A draft version of the assessment will be presented to Members in November to ensure we meet the government's submission deadline of December 2007

85 Resource management:

- 85.5 The key variations that comprise the projected overspend of £91k are staffing related - additional costs from appointing an interim Head of Human Resources (+£84k), anticipated additional costs from temporary arrangements and replacing the Head of Civic, Democratic and Legal Services (+£40k) offset by an increase in the projected surplus from the recruitment pool (-£48k) and savings from vacancies (-£50k). The other main variations are additional costs of Member Allowances following the appointments process whereby more Members receive special responsibility allowances (+£37k) and non-achievement of letting advertising on council boundary signs (+£20k), although work is ongoing to resolve the latter.

Conclusions

Service Performance

- 86 Overall, performance across directorates shows fairly good improvement. In particular waste recycling, the cleanliness of our streets and open spaces, Brownfield site development, processing and our early educational attainments results. The most significant improvement has occurred with community safety, with significant reductions in anti-social crime and a predicted 35% decline in crime since our crime reduction strategy started.
- 87 There are a number of service delivery areas however, which either need to be watched closely between now and monitor 2, or where corrective action needs to be taken to turn performance around before 31st March 2008. These include staff sickness, secondary

school pupil exclusions and the need to achieve a score of 3 for Use of Resources (CPA).

Financial Performance

- 88 If the current action taken by the Directors continues to be successful, then it is projected that the Council will overspend by £12k. However, this is due to savings on investment decisions and opportunities of £750k, slippage on IT schemes of almost £400k and other one-off savings identified by Directorates.
- 89 Any recurring overspends will need to be funded in future budget processes and will reduce the opportunity to redirect resources to other areas. The overspends need to continue to be fully monitored as any overspend results in reduced balances. The Medium Term Financial Forecast has already indicated that the next budget process will be extremely difficult. As much scope as possible will be needed to reduce the impact of service cuts and Council Tax increases.
- 90 There has been a lot of work undertaken within departments to manage expenditure and bring budgets in on target. There are, however, some underlying pressures where the overspends look set to continue. These will clearly need to be addressed as a high priority in future monitoring reports.

Consultation

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

Analysis

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

Corporate priorities

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

Implications

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

- Information Technology - there are no information technology implications to this report
- Property - there are no property implications to this report
- Other - there are no other implications to this report

Risk Management

- 95 The overall theme of this report supports strategic risk management across the Council. It provides Executive members with customised performance and budget information, based on high priority (or high-risk) areas of service delivery and performance. Any resource redirection or corporate attention will itself be based on the concept of managing risk.
- 96 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. 2006/07 and the early part of 2007/08 has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring of income and expenditure and appropriate management control. As such regular updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the second monitor reports in December.
- 97 The detailed analysis of directorate spending pressures are addressed within the individual EMAP reports and then summarised within this joint monitor. However, in terms of effective risk management there is also a need to ensure that the council remains clearly focussed upon those items which could have a significant and lasting impact on the financial standing of the authority. To help address such risks, the budget planning process includes the identification of events that may need funding from the council's contingency budgets, these items, and allocations to date, are detailed at Annexes 11 and 12.
- 98 In order to help the Executive clearly address the main threats facing the council the significant events identified to date have been split into two categories. In this context those items which could, if not successfully managed, have a impact on the financial standing of the council as a whole have been included here as Red Risks, whilst those which could have a significant impact on an individual portfolio have been reported as Amber Risks.

	Para	Value	Identified in Contingency
		£'000	£'000
Red Risks			
Concessionary Fares	73.2	740	200
TOTAL		740	200
Amber Risks			
Gross Adult Social Care Overspends (net £238k)	80.2	1,024	275
Planning Related Income	73.3	200	200
Changes to Capitalisation on Property Expenditure	83.3	200	200
Fostering Agency Costs	71.3	185	0
Trading Services Income	77.1	166	0
Home to School Transport	71.3	146	0
TOTAL		1,921	675

- 99 The Executive also needs to note the reliance that this monitoring report places upon underspends on corporate budgets, especially treasury management. If the council is to maintain a balanced position in the medium to long term then there remains a need for services to identify and address the underlying causes of departmental overspends. This requirement will be a key aspect of the 2008/09 budget process.
- 100 In addition to the above points the Head of Finance advises that he does not deem the recent issues concerning the financial position of Northern Rock to be a significant risk to the council.

Recommendations

101 Members are asked to:

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

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

- b) Consider the applications for supplementary estimate requests of £400k to be funded from the contingency fund, as set out in paragraph 56, and decide whether, or at what level, to grant approval.

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

- c) Approve the virements over £250k set out in paragraph 57.

Reason: In accordance with the Executive's Constitutional powers to make decisions on virements over £250k.

- d) Approve the transfer between general fund and the traded activities profit from Neighbourhood Services of £152k as set out in paragraph 58.

Reason: The virement request is within the budget areas where the Executive is the responsible body.

- e) Consider the applications for supplementary estimate requests of £480.5k to be funded from general fund reserves, as set out in paragraph 60, and decide whether, or at what level, to grant approval.

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

- f) Authorise the transfer of the additional LABGI grant (£537k) straight to general reserves (see paragraph 54)

Reason: The additional income is within the budget areas where the Executive is the responsible body.

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

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

- h) Endorse the action currently being taken by departments to manage the overspends identified.

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

Contact Details

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Chief Officers responsible for the report:

Peter Steed: Head of Finance
Heather Rice: Director of People & Improvement

Specialist Implications Officer(s) None

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

All

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Background Working Papers

Reports to individual EMAP meetings

Annexes

Annex 1 – Update on progress against our corporate priorities

Annex 2 – Staff performance

Annex 3 – CPA forecast for 2007

Annex 4 – Update on LPSA 2

Annex 5 – Customer First results

Annex 6 – General Fund Net Expenditure Budget

Annex 7 – Variations on Treasury Management Activity

Annex 8 - Detail of Other Centrally Held Budgets

Annex 9 - Growth Schemes in 2007/08

Annex 10 - Savings Proposals in 2007/08

Annex 11 - Position on General Contingency

Annex 12 - Position on Contingency Items to be Funded from Reserves

Annex 13 - Reserves Statement

Annex 14 - Venture Fund

Annex 15 – Pay and Grading and Equal Pay Financial Analysis June 2007