

## **Report of the Cabinet Member for Corporate Services**

### **2011-12 Finance and Performance Monitor**

#### **Purpose of report**

1. This report provides a summary of the finance and performance progress for 2011-12. Performance is presented under the five priority themes:
  - Create jobs and grow the economy
  - Get York moving
  - Build strong communities
  - Protect vulnerable people
  - Protect the environment.
2. Supporting data and analysis are available in the five priority scorecards, listed as background papers.

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#### **Overview & context**

3. The responsibility for governing the city brings with it tough decisions which are increasingly controversial and difficult. However, the Cabinet has taken some significant decisions this year, not-least in progressing the transformation of elderly person home provision, in responding to surplus places in secondary schools, in consolidating waste and recycling and in overseeing the Community Stadium development.
4. This has been a challenging year for York, set against a backdrop of significant change in the local government sector as a whole. However, we have been shifting our way of working to complement the approach and ambitions of a new administration and delivered on our key priorities. We have successfully delivered budget savings; sustained our performance and service delivery, whilst achieving a minimum of compulsory redundancies, when compared with other local authorities across the country.
5. We have made significant changes to the management structures of the council; reducing the number of AD portfolios and consolidating services

further. We also set a balanced and deliverable two-year budget for 2012-2014, which will deliver a further £20m of savings over the period.

## Headlines for the year

6. The council's net General Fund budget for 2011-12 was £123,900k, inclusive of £1,025k usage of reserves and balances and the council's provisional outturn position is an under spend of £349k, an improvement of £1.3m 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.

Directorate	Gross Exp'ture Budget	Gross Income Budget	2011/12 Net Budget	Monitor 3 variance	Draft Outturn
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	135,740	-52,315	83,425	+1,567	<b>+1,523</b>
City Strategy	31,511	-24,289	7,222	-146	<b>-271</b>
Communities & Neighbourhoods	82,516	-44,975	37,541	+800	<b>+402</b>
Customer & Business Support Services	77,901	-71,886	6,015	-136	<b>-233</b>
Office of the Chief Executive	2,666	-1,978	688	-	<b>-3</b>
<b>DIRECTORATE BUDGETS</b>	<b>330,334</b>	<b>-195,443</b>	<b>134,891</b>	<b>+2,085</b>	<b>+1,418</b>
Treasury Management				-250	<b>-504</b>
New Homes Bonus				-714	<b>-714</b>
Pensions				-200	<b>-326</b>
Other misc corporate budgets				-	<b>-223</b>
<b>CENTRAL BUDGETS</b>	<b>15,463</b>	<b>-26,454</b>	<b>-10,991</b>	<b>-1,164</b>	<b>-1,767</b>
<b>GROSS BUDGET</b>	<b>345,797</b>	<b>-221,897</b>	<b>123,900</b>	<b>+921</b>	<b>-349</b>

*Table 1 – Financial Overview*

7. 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. The main movements from the Monitor 3 report are:

- City Strategy – an improvement of £125k due to continued expenditure control across the directorate’s service areas.
  - Communities & Neighbourhoods – an improvement of £398k primarily due to the identification of further mitigation strategies, most notably in Housing and Public Protection.
  - Corporate budgets – an improvement of £603k due to an improved Treasury Management position as a result of reduced borrowing costs, as well as lower pension strain costs.
8. In Adult Social Services increasing service demand for Independent Residential & Nursing Care and Direct Payments remains an issue, as well as new pressures in External Homecare and some delays in the Homecare and EPH business change programmes. In Children’s Services, we have retained the 'excellent' rating (Ofsted March 2012) for services to safeguard children in York and support young people who are in the council's care. However, an increase above forecasts in the number of children under the care of the council further contributes to the pressure.
9. There is a continued shortfall in Building control income compounded by in year pressures arising from the City Strategy Directorate service reviews. There are delays in achieving cross directorate savings within Communities and Neighbourhoods taken as part of the 2011-12 budget, including the Fleet Review.
10. York’s Economy continues to perform well against the national picture although business growth shows a mixed picture. The Centre for Cities “Cities Outlook report 2012” highlighted a number of areas where York is amongst the top performers of the 64 UK cities included:
- Youth unemployment - third lowest
  - Inequality levels - sixth lowest
  - City growth by population - third fastest
  - Workers skilled to NVQ4+ - seventh highest
  - Number of unqualified people - joint sixth lowest
  - Increase in unemployment from 2010 to 2011 - second lowest
  - Long-term JSA claimant rate - 13th lowest
11. Business growth has seen a positive increase in the rate of early stage business start ups, placing York top of the region for growth in early stage starts, and improved long term business survival rates. However, the rate of VAT registrations (£71K threshold) in York remains below national comparator cities.
12. Community safety continues to improve, with crime rates across the city reducing by a further 10% throughout the year. York continues to be rated as one of the safest cities in the UK. There are small pockets of

higher crime levels and council activities have been focussed on these areas.

13. Results from an APSE survey placed York in the top 10% of councils for performance on cost in a number of services including parks & open spaces, refuse collection and street cleansing services. APSE also identified Energise as one of the best national performers for sports and leisure facilities.
  14. We have seen a reduction in staff sickness by around 15% this year and we have sustained service delivery in critical areas such as Children's Social Care, where the service attained two excellent ratings from assessments of children's services and safeguarding. York is the only council outside London to consistently achieve the top rating for its children's services during the lifetime of the assessment.
  15. Our housing services continue to perform well, with the activity on homeless prevention having positive effects on the numbers presenting as homeless, particularly 16-17 year olds. The housing service has also been shortlisted for Local Authority Landlord of the Year for the achievements through the Access Matters scheme.
  16. Our Adult Social Care Services have made significant strides in 2011/12, with senior management now having a firm lead on the challenging transformation programme. The number of customers receiving support is increasing but the transition to a new model of personal budget allocation, home care delivery and the introduction of the new reablement service will help contain the financial implications of this increase. As the new model becomes established, waiting lists and throughput times will also begin to reduce.
  17. Whilst the year-end position is positive, there remain considerable financial challenges looking ahead into 2012-13 and beyond. The February Budget Council report approved £20m of savings over the next 2 years and progress against delivering these, as well as dealing with the underlying issues experienced during 2011-12, will require careful monitoring.
  18. Beyond 2012-13, significant financial challenges will result from changes to funding as Central Government continues to implement the various streams of the 2010 Local Government Finance Bill, as well as the outcomes of a likely midterm Spending Review. The continued development of the Financial Strategy will ensure that the Council prepares effectively for these challenges.
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## What we delivered this year

19. We now have a Council Plan that has given a new clarity of purpose to the council, making the authority more focussed on its priorities and with a defined and deliverable action plan that runs through to 2015. One year into this, we have already made significant progress on delivering the priorities.
20. Our top ten tangible achievements this year were:
- Setting a robust two-year budget for 2012-14;
  - Funding for a significant extension to the city's Park & Ride provision;
  - 200 new apprenticeships city-wide (double the original target for the scheme);
  - Fairness Commission established, with input into the budget and service delivery;
  - Radical reform of our EPH provision and greatly strengthened adult Reablement service;
  - £21m savings in 2011/12;
  - Community contracts developed for all 18 wards;
  - "Excellent" assessments for children's services and safeguarding arrangements;
  - Crime reduction by a further 10%, bucking national trends;
  - FTR bus taken off the roads; orbital cycle route established.
21. The following sections provide further information on the financial outturn of each directorate as outlined in Table 1 above.

### Adults, Children & Education

22. The Adults, Children & Education directorate has reported an overspend of £1,523k, made up of an overspend on Adult Social Services (£1,660k) and an underspend on Children & Young People's Services (£137k). This represents an overall improvement of £44k since monitor 3.
23. In Adult Social Services, the population growth of older people is already placing a greater demand on council services and budgets, with increased numbers of people seeking support from social care services. As the number of customers receiving personal budgets to support them continues to rise, it promotes independence, enables choice and control over the daily lives of our customers and they can exercise greater choice and control over their lives. As forecast, pressures centre on a greater number of referrals than anticipated in Independent Residential & Nursing Care (£1,393k) and a continued increase in the number of customers taking up Direct Payments (£586k) along with a significant pressure in External Homecare primarily related to Learning Disability

customers with additional pressures relating to children in transit between children's and adults services (£1,245k). An increased number of emergency placements made towards the end of the financial year resulted in an overspend on respite care of £187k.

24. There has been significant organisational change within adult social care, service levels are close to the targets, reflecting the considerable effort to maintain services to customers even through the changes to the homecare service to ensure a sustainable future. We have also outsourced our reablement contract (March 2012) which will deliver a new and greatly strengthened service and also reduce the financial pressures in this area. In Homecare, there were delays in letting the reablement contract and reconsideration of other care services options (£679k) and in EPH's, implementation delays mean that the full saving could not be achieved (net £421k).
25. However, mitigating actions had been identified to offset these pressures. A significant number of vacant posts were held whilst the Business Change workstreams continued (£399k), an under spend on Warden Call (£174k) and delays in two Supported Living schemes result in an under spend (£385k). Grant adjustments (£594k), other underspends (£580k) and additional funding from the PCT (£614k) all contribute to the overall position.
26. We want to ensure that York's children grow up in happy and stable environments, in family settings wherever possible which is why our parenting program has provided support to an increasing number of families with multiple and complex needs. This should help manage the caseload of looked after children due to earlier prevention work. The number of children currently under the care of the council is considerably higher than predicted when the 2011-12 budget was set and as a result contributed to the directorate's financial pressures. This increased caseload resulted in additional in-year staffing costs (£403k) and increased legal costs (£184k). There are also currently 29 Special Guardianship Orders in place which have resulted in an increase in spend of £119k. The Young Person Foyer at the Howe Hill Hostel has opened bringing together all key service provision aimed at supporting Young People at risk of homelessness.
27. The number of children in local foster placements has increased from 162 when the budget for 2011/12 was set, to the present figure of 183, which has resulted in an over spend of £224k. A comprehensive programme of prevention to address growing LAC population was launched at a directorate event in December 2011, with programme boards established to deliver changes.

28. There is an ongoing need for 20 Independent Fostering Agency placements which have exceeded that provided for in the budget resulting in an over spend of £256k. A weekly review of the children in these placements by the senior management team has been initiated to expedite their return to local placements as soon as possible. Any moves are always for the child's benefit.
29. Underspends on some previous year grant allocations have been used to offset some of these expenditure pressures (£1,245k). Other mitigating savings of £221k result from restrictions on expenditure in place across the directorate, including a further £319k from staffing vacancies.

### City Strategy

30. The City Strategy directorate has reported an underspend of £271k, which is an improvement of £125k from the Monitor 3 report. Savings have been reported in concessionary fares (£206k), network management (£70k) and transport planning (£274k). Additional income has resulted in underspends in parking (£67k), property services (£134k) and economic development (£87k) and have been offset by shortfalls in income from Building Control (£207k) and the time taken to deliver service review savings (£349k). The directorate also absorbed a £95k pressure related to corporate Carbon Reduction Commitment Scheme costs.

### Communities & Neighbourhoods

31. The Communities & Neighbourhoods directorate has reported an overspend of £402k, an improvement of £398k since the last report.
32. The overspend consists primarily of directorate wide reviews that did not fully provide savings in 2012/13. The Fleet review has a significant savings target of £650k within CANS in addition to unachieved prior year savings within the council. The review was not forecasting any savings achievable in this financial year due to the part year effect of savings and one off investment costs. In the final outturn figures investment costs of £270k are allocated to the project, whilst the savings (£220k identified) are accounted for within the individual service areas both within CANS and council wide. Project Savings of £530k are currently forecast for 2012/13.
33. Elsewhere other directorate wide projects did not fully meet their targets and overspends have been reported against the Supplies and Services review (£426k), Agency Staff (£97k), Internal Trading (£150k), Area Based Working (£92k) and the Business Support Review (£224k).

34. There were two key overspends within Commercial Waste where the service was £576k below the budgeted income level (although still making a profit) and Building Maintenance (£208k) which was a result of costs involved in rationalising the business at the start of the year.
35. To mitigate the directorate wide overspends budget managers sought savings within service budgets and these have mostly been successful in reducing the overall spending. The main areas were the holding back of uncompleted highway schemes (£366k) and ceasing ward committee expenditure following Monitor 2 (£348k).
36. There were also a number of further underspends auctioned across the directorate including Housing Services (£254k), Environmental Health and Trading Standards (£121k), Library Service (£98k) and Sport and Active Leisure (£140k). There was also additional income received (partly from the decision to increase charges from January) from the Crematorium (£79k), Licensing (£81k) and Registrars service (£99k). There was also windfall income of £177k within Housing services. There was further directorate wide mitigation of £450k including vacant posts.

#### Customer & Business Support Services

37. Customer & Business Support Services has reported an underspend of £233k, which is a £97k improvement from the Monitor 3 report. The main areas of underspend relate to vacant posts being held pending restructures and service reviews in other parts of the council, along with a range of other minor underspends.

#### Office of the Chief Executive

38. The Office of the Chief Executive directorate has reported an underspend of £3k due to a range of minor variations across the directorate.

#### Corporate Budgets

39. These budgets include Treasury Management activity and other corporately held funds. Treasury Management has generated a £504k underspend due to reduced interest paid on borrowing and 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.
40. In addition, pension strain costs to date have been lower than anticipated in the financial year resulting in an underspend of £326k.
41. This section also now includes the use of £714k for the New Homes Bonus to support the revenue budget, as reported at Monitor 3, as well as underspends of £223k on general support budgets.



### Dedicated Schools Grant

42. In the DSG area there is a projected underspend of £387k against a budget of £106,642k, primarily due to lower than expected costs related to SEN Out of City Placements. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

### Housing Revenue Account (HRA) - Finance

43. The Housing Revenue Account opened with a general balance of £10,398k and the year end position identifies an underspend of £1,491k resulting in an increase in the overall HRA balance of £413k. There are a number of underspends across the HRA within repairs and maintenance, general management and sheltered housing. There were further underspends due to slippage within the capital programme and higher than assumed interest on cash balances.

### **Reserves**

44. The February 2012 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (equating to 5% of the net budget) and as part of that report, approval was given to a £250k contribution that takes the reserve to a level of £6.3m.
45. In ensuring a prudent budget was approved, the February Budget report also made provision to reinstate the General Contingency with a contribution of £250k. Given that the General Fund reserve now sits above its minimum recommended level, it is proposed that the 2011-12 £349k underspend is transferred to the General Contingency to allow Council to meet significant issues that may arise in 2012-13 and beyond. This transfer would take the General Contingency to £599k.
46. The outturn and the allocation of the underspend into contingency, together with the inclusion of funding in the 2012-13 budget for the contingency fund and contribution to reserves, have increased the overall financial stability of the Council. However, there remain significant risks going forward, as the public sector reductions require further savings to be delivered across the Council. The February 2012 Budget Report set out plans for achieving £20m of savings in the next two years, and it will be essential that these are delivered, alongside managing known existing pressures set out in this report. The level of reserves remains only just above minimum levels so there is very little scope for the use of reserves to fund overspending.

47. The following sections provide information regarding our performance against the Council Plan priorities:

### **Create Jobs and Grow Economy**

48. The city of York now supports more than 114,000 jobs and contributes £4bn (GVA) of value to the national economy. However, the growth forecast for York based on the Regional Econometric Model (REM) is low compared to others (based on a number of factors but predominantly lower than average growth in the private sector) and economic conditions are set to remain challenging but York has significant potential to grow.

49. Business growth over the past year shows a mixed picture. There has been a positive increase in the rate of early stage business start ups, placing York top of the region for growth in early stage starts, and improved long term business survival rates. This has contributed to fewer vacant shops and encouraging footfall results when compared with other benchmark areas. However, the rate of VAT registrations (£71K threshold) in York remains below national comparator cities. This means the city has work to do to ensure that early stage starts have the opportunity to grow to the VAT registration threshold.

50. York's commitment to growth has enabled some key actions to be achieved including the York Business Conference (part of an award winning week) attended by over 100 business representatives, the Economic Development Strategy, a single point of contact for businesses via the Economic Development Team with a new online business portal, local source bias included in procurement strategy, and increased business intelligence capacity. Negotiations with a national provider are nearly complete for Free Wi-Fi across large parts of the city centre which will attract businesses and tourists.

51. Pupils coming out of school with 5 GCSEs grade A-C (inc Maths and English) has seen a strong improvement (+3.6% from 84.3% in 09/10) in the KS4 area, with significant closing of the gap for pupils from a deprived background to the lowest for 3 years (33.5% gap compared to 42% last year).

52. York's residents are more productive (GVA per head) than any other residents in the region other than Leeds. Nonetheless, York's productivity does not rank as well nationally against UK comparator cities (£20,242 per head which is 27<sup>th</sup> out of 64 UK cities).

53. Reduced numbers of job seeker allowance's claimants is helped by York's commitment to doubling the Apprenticeship target creating over 200 new posts in the city and further investment in the city centre

including securing commitment for a Network Rail centre in the city (500 jobs). However, York maybe affected by a higher proportion of people employed in the public sector compared to other cities.

54. Youth unemployment shows a positive picture with high benchmark results but the number of NEETs (Not in Education, Employment or Training) now ranks 30th nationally which is down on the 7<sup>th</sup> place from the year before. Long term unemployment amongst those 24 and under has risen sharply, although well below comparator levels (relatively small numbers from 30 to 100 people).

### **Protecting the Vulnerable**

55. Achievements highlighted earlier (paragraphs 22-29) within the Adults, Children & Education section are also key contributions to this priority.
56. Since the launch of the Children's Front Door policy the number of referrals received by the Assessment team are at a higher level but the quality of referrals to social care team has improved resulting in a higher percentage going onto an initial assessment (nearly 77% in Q4 compared to 53% in Q1)
57. There was a very good response to our annual survey for adult social care. The responses to the majority of questions that directly related to peoples experience of social care, their health and wellbeing, safety and management of day to day activities all showing improvements when compared to last year.
58. The Shadow Health and Wellbeing Board has assumed full shadow responsibilities. The Joint Strategic Needs Assessment has been completed and published and the health and wellbeing strategy is being compiled from the recommendations of the needs assessment.
59. We are beginning a 3 to 4 year modernisation programme which will see the existing 9 Elderly People's Homes close and be replaced by state of the art residential care facilities on 3 sites. This decision followed an extensive citywide consultation, which showed widespread support for the council's vision for future care.
60. The average weekly number of CYC acute delayed discharges has reduced in year (10.08 in Q1 to 8.69 in Q4) and is an improved performance from 2010/11; this has reduced the financial pressure on this service. This is particularly noteworthy in light of the fact that referrals to the hospital team are up 6% since last year.

## **Strong Communities**

61. The council is performing well on this priority, particularly in the reduction in actual levels of crime, preventing homelessness and maintaining visitor numbers to attractions and sports centres.
62. The reduction in crime levels comes at a significant time with the launch of the first York annual Crime Summit in April. A partnership survey around public confidence in the police was also launched at the summit – this will examine the performance of partners in tackling crime and public perceptions of crime and policing. This feedback will be analysed in conjunction with feedback from The Big York Survey with results coming out Summer 2012.
63. There has also been strong partnership working, one outcome being the implementation of a multi-agency domestic violence strategy.
64. In terms of developing cohesive and inclusive communities, our approach to equalities has been greatly strengthened, reaching the “achieving” level in the EFLG scheme and we are committed to an action plan for reaching level “excellent”.
65. York has been nominated for LA Landlord of the Year at the UK Housing Awards 2012. This reflects: the increase in overall tenant satisfaction with the LA; the work done over the course of a year where nearly 1000 households have been prevented from becoming homeless; and the development of the empty property strategy, to bring vacant buildings back into use. However, performance has slightly dipped over affordable housing as there were 151 affordable housing completions for 2011/12, against a target of 171. This is largely due to the delay of the 19 council houses at Lilbourne Drive. These will be the first council homes built in York for over 20 years. 11 were completed in April 12, with the remainder to follow late summer. There has also been a significant decrease in the completions through government backed HomeBuy schemes on previous years.
66. In terms of sports development, the Community Stadium planning application was approved by planning committee on 17 May 2012. The council will now work with the applicants, the sports clubs and commercial partners to work up a detailed planning application for the scheme, which will include the design and layout of the stadium. York has also been successful in securing the city as an overnight stop for the Olympic Torch on 19-20 June.
67. Visitor numbers to attractions and sports centres have been maintained this year and Energise was identified from the Association for Public

Service Excellence (APSE) data analysis as one of the best national performers for Sports and Leisure facility management.

68. There has been a great emphasis on community engagement with the new model for Neighbourhood Working which went to Cabinet in March 2012. This detailed the approach for partnership working and Community Contracts. In June 2012 all ward committee meetings will be presented with their Community Contracts, with the opportunity for residents to feedback on whether their ward priorities remain the same. However, less encouraging is the decline in numbers of residents attending ward committees (from an average of 48.1 last year to 39.8) and a reduction in the number of people taking part in participatory budgeting, both of which may reflect the non publication of a bespoke Your Ward newsletter and agenda. From 2012/13 there will be three ward committee meetings a year, which will be detailed through Your Ward newsletters.
69. As well as hosting a successful visit from Her Majesty the Queen, 2012 sees York celebrate York800 – 800 years since it was granted its Royal Charter. An exciting programme of events for residents, businesses and visitors is currently underway, with the Charter Weekend running on 7-9 July. This weekend will celebrate 800 years as an independent city through song, dance, tours, talks and a flotilla. There is a diverse range of cultural opportunities available for young people through the Shine programme, as a result there has been an increase in the number of hits on the YorOk website Shine page.

### **Get York Moving**

70. Positive progress is being made towards delivering the Get York Moving priority, with funding secured for various different programmes which will improve movement in the city. Park & Ride usage has increased by 8% this year and funding was secured to extend the Park & Ride programme from five sites to seven. Completion of the scheme for the new sites is scheduled for April 2014.
71. Bus passenger numbers have remained stable this year at around £15 million and, with the Better Bus Area Fund secured, the service will be improved in the future, including the creation of 5 bus interchanges across the city centre and improved reliability and information for passengers. Furthermore, the Quality Bus Partnership is examining new partnership/contractual arrangements with operators in the city to improve all aspects of bus travel, whilst promised changes to the FTR service have been made.

72. The increase in Park & Ride passengers and the number using buses does not appear to have affected the numbers using car parks, which has also increased by 1.7% this year.
73. Funding has also been secured for further extension of the sustainable transport programme. Through the Intelligent Travel York programme improvements will be made to the cycling and pedestrian network and improve sustainable travel in the city between July 2011 and March 2015.
74. Cycling has increased in the city (up 8% from 09/10 to 10/11), and could see further increases in the future with the set up of the new orbital cycle route. Cycle theft is down by 42% due to proactive work by the police.

### **Protect the environment**

75. York has an outstanding built and natural environment, with iconic world class heritage. York's distinctiveness needs to be used to attract further investment and sustainable growth, without compromising what makes the city attractive. To succeed requires combining economic growth with reduced environmental impact, as well as placing expectations on individuals to adjust their behaviour.
76. This year a targeted marketing campaign was delivered to encourage further recycling and continue to improve the recycling rate for the city, with the results being a 1.4% increase in recycling in the city. All York properties except farms and rural properties now receive 2 kerbside recycle collections (currently 99.4% of York households), and there has been a 4% increase in the tonnage of waste composted. Whilst the percentage of landfill waste has not met the target of 51.83%, it has continued to improve.
77. Progress has been made to reduce the carbon footprint for the city as a revised Carbon Management Improvement Programme for the council has been approved. Also the council continues to offer free loft and cavity wall insulation for York residents in partnership with Yorkshire Energy Partnership. Efforts to reduce CO<sub>2</sub> emissions would appear to be successful with a 21% reduction in emissions in the local authority area since the baseline year of 2005, showing good progress towards the 2020 target of a 40% reduction. York has achieved the largest CO<sub>2</sub> reduction when compared to similar local authorities.
78. The council has been graded as Level 1 for how it is adapting to climate change, which represents no change since 2010/11. Progress is being made towards Level 2, including a full risk assessment of council services and beginning wider engagement with strategic partners.

However to achieve Level 2 the council needs to begin implementing appropriate adaptive responses in priority areas and service plans.

79. In an effort to reduce CO2 from streetlights an extensive street lighting replacement programme has begun. Over the last two years there has been a reduction of 20.14% in energy consumption from street lighting, making good progress towards the five year target of -25%.
80. In terms of the environment a York Central Historic Core Conservation Area Character Appraisal has been adopted, the first for major City Conservation Area. Alongside this there was been a 3% increase in conservation areas with an up to date character appraisal and an 8% increase in the active management of local sites to improve bio-diversity.
81. Other progress related to the environment includes the implementation of Environmental Stewardship and habitat creation schemes, including wild flowering of sections of the City Walls. Also, over 50,000 trees have been planted so far as part of Treemendous, including 1,100 as part of small local schemes

### **Core Capabilities**

82. To enable all staff to be responsive to customers and to work effectively across team and organisational boundaries, Cabinet agreed (3rd April 2012) the development and implementation of a workforce strategy to develop our future workforce and harness the skills of our staff to deliver our priorities. The first annual employee awards have taken place and a new Employee of the Month scheme has been established (eXtra Factor). Staff sickness levels have improved across all Directorates with the average days lost per FTE for CYC reducing by 1.82% from the 2010/11 figure (8.66 now, down from 10.48).
83. Customer services access has been improved with a better online customer service portal which has a customer satisfaction level of 55% and a mobile phone app ("love clean streets") for residents to request a rapid response for cleansing jobs, graffiti and fly tipping. This went live on 19th March and is available from the app stores. In response to public consultation from September 2011 Customer Services are also now being provided from the Explore Centre in the City and the Gateway Centre in Acomb. The assessment of our services against the Customer Services Excellence standard has also been initiated.
84. The preparations for the move to West Offices are well underway. A key short term deliverable, with long-term benefits. This will mark a major change in the way the council operates, but opportunities will need to be seized in order to get the best out of the new environment. The Cabinet agreed (February 2012) to move from Guildhall to West Offices and look

at options for other uses of the Guildhall - an initial appraisal has been completed but a more detailed appraisal and review of options will take place over the next 12 months.

85. We won a Living Labs Global award for the innovation project (GeniUS! which was created as part of the NESTA creative councils programme) which will be piloted in Cape Town.

### **Looking to the Future – Areas of Focus**

86. Whilst we have maintained positive performance and delivery this year, there are still areas where, if issues are not addressed, could leave us in a vulnerable position. These areas are currently the subject of careful assessment and planning and will thus be areas of focus for us in the coming year:

#### ***Housing availability in the city:***

87. The number of affordable homes built this year has been below target and the number of overall completions is well below previous years, which will result in a shortfall against demand in the coming years if not rectified. House prices in York are above the national and regional averages, but wage levels are marginally below average, posing a significant risk to the ability to attract and retain the required workforce in the future. Developing a coherent strategy for addressing city-wide housing issues in a holistic way, ensuring that housing is considered as an economic issue as well as a social issue. Some work has started with relevant senior managers to start to work up a proposal of what this might look like.

#### ***Congestion & accessible transport:***

88. Movement around the city continues to be a challenge for residents and businesses. Whilst the number of bus journeys is increasing, the number of car journeys is not decreasing in sympathy. Issues such as options for improving the north ring-road and potential restriction of certain parts of the city centre areas to only public transport will need to be progressed. Whilst significant funding has been secured for both Park & Ride expansion and pedestrian/cycle improvements, work is starting to successfully deliver against this funding.

#### ***Pressure on Social Care Services:***

89. The partnership work required to reshape delivery toward prevention and community/home-based support will require our continued focused leadership.



### ***Cumulative impact of the recession on residents:***

90. As the economy dips back into recession, the financial pressures on residents will be prolonged or increased as wages continue to fall behind inflation and the availability of employment opportunities is reduced. When combined with the forthcoming changes to welfare benefits, these factors will mean increased financial hardship for residents, and additional pressure on council services to support the most vulnerable. In-work poverty due to the cost of living increasing may become an increasing issue. Focus on financial inclusion work will be broader than just those not in work. Focussing on ensuring provision of a “living wage” from employers across the city (as well as for own staff) is becoming increasingly important.
91. Benefit changes will impact on residents further with some set to lose several hundred pounds. Work is on going to asses the full impact and any mitigating actions which can take place.

### ***Ongoing public sector austerity measures and re-shaping:***

92. The next Comprehensive Spending Review will likely bring a requirement for local government to make further savings, against an operating context of with legislative changes that mean ongoing and significant change is required in the way the council operates. The impacts of the Localism Act and the Health & Social Care reforms are examples of where legislation will drive the need for the council to change.
93. Performance and service delivery have by-and-large been sustained through the last few years of efficiency measures. However, further reductions in funding at a time where transformation and setting up new operating models will be required in addition to the “day job” will put increasing pressure on our ability to deliver quality services to residents. The new workforce strategy sets out how we will address many of the risks relating to staff morale and capacity. In order to deliver “more with less” we must unlock and nurture the talent base within the organisation, helping our staff to flourish and maximise their potential.
94. The outlook for local government is still one of significant financial and operational challenges, and York will need to prioritise carefully to ensure we keep focussed on our key priorities.

### ***A continued focus on creating jobs and growing the economy***

95. The York Economic Strategy sets a range of outcomes that we must deliver on, including the creation of 1,000 new jobs and 75 new business start ups each year. To deliver this we will continue to promote York as a

business destination by actively seeking inward investment and assisting employers to (re)locate to York, whilst also working to ensure that our residents have the skills mix needed to take full advantage of these new and existing employment opportunities.

### ***Super Connected Cities***

96. The Secretary of State for Culture has recently announced the 27 cities eligible to bid for a share of the Urban Broadband Fund Phase 2 fund, and York was one of those identified. This announcement includes the provision of £50 million to enable smaller cities to achieve Super-Connected City status through the Urban Broadband Fund Phase 2 (UBF Phase 2).

### ***Targeted work on Financial Inclusion***

97. Focussing resources on those communities where financial inclusion is a major issue. This would include building on the pilot from the Westfield ward and taking this to e.g. the Lindsey and Carr estates.

### ***Health & Social Care***

98. Taking the opportunities arising from the transfer of public health and embracing the LA leadership role on partnerships which develop more integrated health and social care arrangements for the city.

### ***Neighbourhood working***

99. This will underpin our approach to engaging with residents and delivering services. We will build on our learning from the pilot project to clarify and roll-out our approach to neighbourhood working, incorporating our response to localism, community rights to buy & challenge and the need for different approaches to engagement with residents.

### ***The Big York Survey***

100. The Big York Survey (24th May – 25th June) will provide an opportunity for residents to give us their views, feedback and ideas on citywide services. Combined with a new Talkabout survey in September 2012, this will provide more up to date information about Customer engagement and provide better customer insight which will be central to decision making and service design.

### ***City Deal for LCR***

101. Continuing the work to strengthen our position with the Leeds City Region LEP and working to secure benefit for York from a Leeds City Deal. Continuing to review our options in respect of a developed transport authority and how we would be part of this.

## ***New models for delivering services***

102. Trailing / implementing new and innovative models for delivering services, with the aim to deliver specific schemes this as examples for future changes. The transition of libraries to a social enterprise/employee mutual model is one example where we would aim to deliver a new model of delivery.

### **Analysis**

103. The analysis of the financial position of the council is included in the body of the report.

### **Consultation**

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

### **Corporate Priorities**

105. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan (2011-15).

### **Implications**

106. The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources - the impact of delivering savings is having considerable implications in terms of managing the HR issues. The Council is seeking to manage the process of reducing staffing number as effectively as possible, through use of Voluntary Redundancy and working with the Trade Unions.
- Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.

### **Risk Management**

107. The risk management processes embedded across the council continue to contribute to managing the risk issues associated with major projects and key areas of service delivery.

### **Recommendations**

108. Members are asked to note the year end under spend of £349k and that this is transferred to the General Contingency.

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

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<b>Wards Affected:</b> <i>All</i>			
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Additional background papers (information provided online only):

- Priority scorecard – Create growth & grow the economy
- Priority scorecard – Get York moving
- Priority scorecard – Protect the environment
- Priority scorecard – Protect the vulnerable
- Priority scorecard – Build strong communities