

Report of the Cabinet Member for Corporate Services

2012-13 Performance and Finance Monitor 1

Purpose

1. The purpose of this report is to set out the performance of the Council in delivering its Council Plan priorities and report progress on delivering the revenue budget, covering the period 1 April 2012 to 30 June 2012. The report sets out headline performance in the delivery of the Council Plan and projected performance against budget.

Summary

2. For local authorities, first quarter out-turn is challenging in terms of performance and finance. It is at the point in the annual cycle where the previous year's budget savings have been taken and the organisation is gearing up to achieve revised objectives. What makes 2012/13 different is the cumulative effect of what has gone before. As a result of the position of the UK's public finances, local government has been tasked with reducing its expenditure by around 28% over a four year period.
3. Council funding has been cut earlier and harder than the rest of the public sector as the Government implements its deficit reduction policy. Local Government has faced tougher spending cuts than most Central Government budgets with grants to Councils reduced by 28% whilst central government budgets were cut by 8%. City of York Council has taken in excess of £40m from its budgets as its share of savings to the Government over the last three years.
4. This is challenging for York as it has the 8th lowest level of Council tax and the twelfth lowest government grant per head in the country. Because the council's funding base is low it has to be rigorously efficient and spend per head of population is the third lowest of any unitary council in England.
5. At the same time factors such as the ageing population and the economic downturn are driving increasing demand for some local government services. Care spending continues to grow and independent analysis by the Kings Fund points to a £1.2billion gap in social care funding nationally

by 2014/15. There is also continued pressure to improve services such as education and social care.

6. Government policy change is also having an impact on Councils. Changes to the welfare benefit system are creating an increased demand for support particularly with debt advice.
7. Following the Joint Strategic Needs Assessment, extensive consultation with stakeholders across sectors and staff has taken place to develop York's first joint health and wellbeing strategy. Preparations for the transition towards managing public health from within the council continues with Dr Paul Edmondson-Jones appointed as Director of Public Health.
8. National price inflation continues to be an issue for the Council as the costs of energy and goods increases. Although council tax in York was increased by 2.9% for 2012/13, average prices have risen by 3.74% since April 2010.
9. York has taken a long term transformational approach to delivering savings, starting with the More for York programme which developed system wide approaches to reshaping services, to early intervention to avoid long term costs and remodelling the social care economy on York.
10. Tough decisions continue to be made. Councils across the country have shed 200,000 jobs in the last decade. Over the last 3 years, City of York Council has cut 305 posts (many of these individuals were redeployed or took voluntary redundancy). Cabinet is resetting its priorities and in some cases there has to be a reduction in service provision.
11. Despite a challenging context, as this report demonstrates, there are strong areas of performance, for example:
 - York maintains its position as the most stable economy in the region
 - Workforce skills are ranked 3rd best out of 64 cities.
 - NEET levels continue to sit well below regional and national averages
 - 400 new apprentices over the last year
 - Strong attainment again this year at A level and GCSE
 - 8% reduction in crime

The recent Ofsted inspection, as well as acknowledging excellent value for money, reported the huge strength of York's children's services and the outstanding partnership working taking place. The number of jobseekers has fallen below regional averages and is below the level of a year ago showing that the work being done to create an environment for businesses to grow is working. There are positive statistics in relation to work to protect

vulnerable people. York's residents are benefitting from strong service delivery by the council and from the jobs & growth focus of the council plan.

12. Equally important is the work initiated to deliver results over the longer term. The Economic Infrastructure Fund (EIF) is using £28.5m over 5 years to stimulate initiatives to maintain and grow York's economy and attract significant investment into the city. Whether through loans or grants this fund is key to protecting future prosperity. Alongside the EIF is the Delivery and Innovation Fund. This fund of £1m in 2012/13 is to secure a step change in service delivery by enabling us to take advantage of the latest innovation approaches and techniques, support the major projects to enable these change and secure the delivery of our key priorities.
13. As it has at this time of year for the past four years, the council is identifying early financial pressures - for 2012/13, these are totalling £5.937k across all directorate budgets. Extensive work is being carried out to ensure that these pressures are mitigated by the end of the financial year and that the revenue budget of the council is balanced.

Council Plan Performance & Delivery

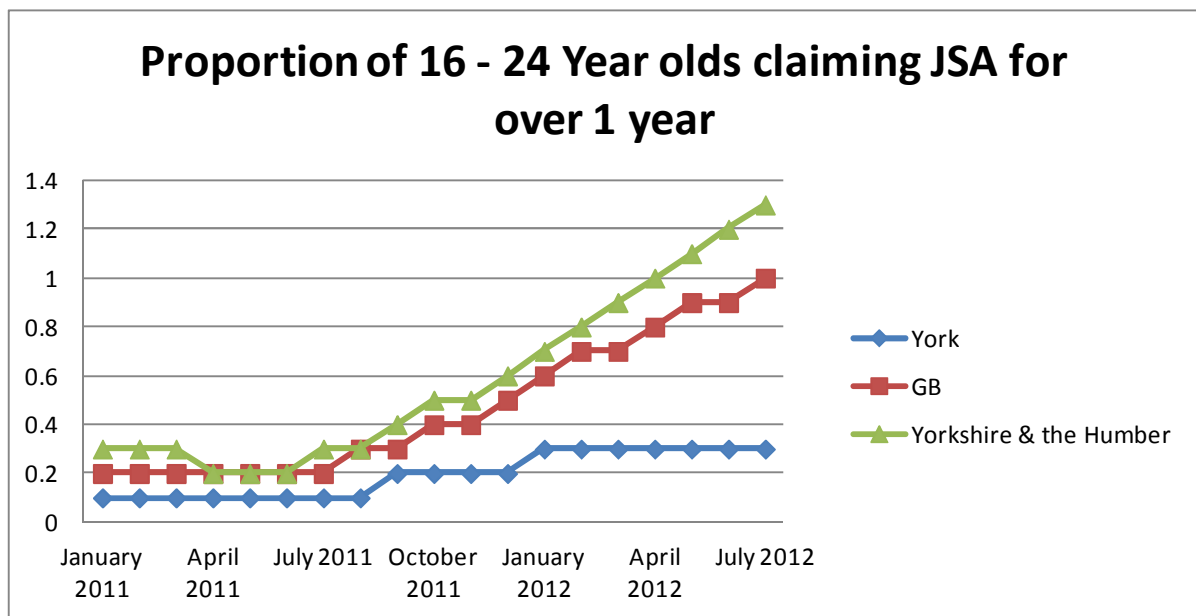
Create Jobs & Grow the Economy

14. This is a financial priority for the council and is core to ensuring the sustained prosperity of the city and underpinning the financial security of the authority. Our local economy continues to perform extremely well against the regional and national picture, given that the country has experienced its third consecutive quarter of negative economic growth.
15. York has been a key partner in the successful negotiation of the Leeds City Deal, which will enable greater local control over transport funding and bringing forward of critical local, regional infrastructure, as well as devolution of some further funding in apprenticeships. As now an associate member of the Association of West Yorkshire Authorities (AWYA) the city is positioned for greater influence in the Leeds City Region agenda in future.
16. The Council played an important part in the successful bid by Leeds-Bradford Airport to re-instate four flights a day from London Heathrow.
17. York is a national leader in education provision. This is a key dimension of the city's offer and the resulting high level of workforce skills also continue to be a feature of the city's economy. Supported by its high quality of school education and its two large universities, York has a greater percentage of highly qualified working age residents and a lower rate of

unqualified people in the workforce people than most other UK cities. The 'attainment gap' at Key Stage 4 is also falling, meaning that children who are potentially more vulnerable to low achievement are attaining results closer to the average for the city. The city has also created 400 new apprenticeships over the last year, representing increased opportunities for young people to gain skills and progress into employment. Early indications from the recent A Level results show that previous high standards have been maintained, with 28% of entries awarded A*/A grades and over 78% of entries being awarded grade A*, A, B or C. Very early indications on GCSEs show that York has maintained the high standards of last year with an indicative headline figure showing 62% 5A*-C including English and Maths has been achieved. This is second in the region.

18. However, the city still has a high proportion of graduates in basic jobs and there is a need to continue to drive the creation of higher skill jobs for graduates so as to create opportunities for those in the workforce with more appropriate skill levels for the basic roles.
19. As stated above, the York economy continues to perform extremely well against the regional and national picture. We are currently ranked 3rd (out of 64 cities) for low unemployment and latest figures show that York's unemployment rate reduced to 2.3% in July (JSA claimants) whilst national & regional rates remained constant and at much higher levels (3.8% and 4.7% respectively). This represents a continuation of the trend over the last two years of York positively increasing the gap between our local unemployment rate and the regional/national rate.
20. Latest data from Centre for Cities shows York as second in the region only to Leeds for minimising reduction in business stock and their data on business churn rate (which assesses the stability of a city's economy with an emphasis on business survival) also shows that York had the lowest rate of the regional cities monitored, highlighting its strength and sustainability as a business location within the region.
21. There are also now fewer vacant shops in the city centre than in the last few years – the shift seen over Q1 is small, but it is a month-on-month reduction over the three months to July and could indicate the start of a gradual reduction in empty shops.
22. Footfall in the city centre compares well to other towns and cities which are down 2.9% on average with historic towns being down even further, by 3.7%. York is only down by 1.9% in comparison (to June 2012). Coney Street in particular is performing well in the year to June 2012, being up by 0.3%. When compared to the challenging national figures above this is strong performance.

23. Whilst levels of people who are Not in Employment Education or Training (NEET) has risen to 5.6%, York continues to sit below the regional & national average (being ranked 3rd regionally and 30th nationally). York's performance on NEETs has been helped by the fact that around 400 new apprenticeships have been created over the last year, providing increased opportunities for young people to gain skills and progress into employment.
24. The 2011 increase in long term youth unemployment (16-24 year-olds) has also now levelled off locally and remained stable for the last seven months at 0.3% – a level well below the national & regional figures (currently 0.9% and 1.2%) both of which are still currently displaying an upward trend (the regional figure has almost doubled and the national figure has increased by two thirds in the same seven-month period).



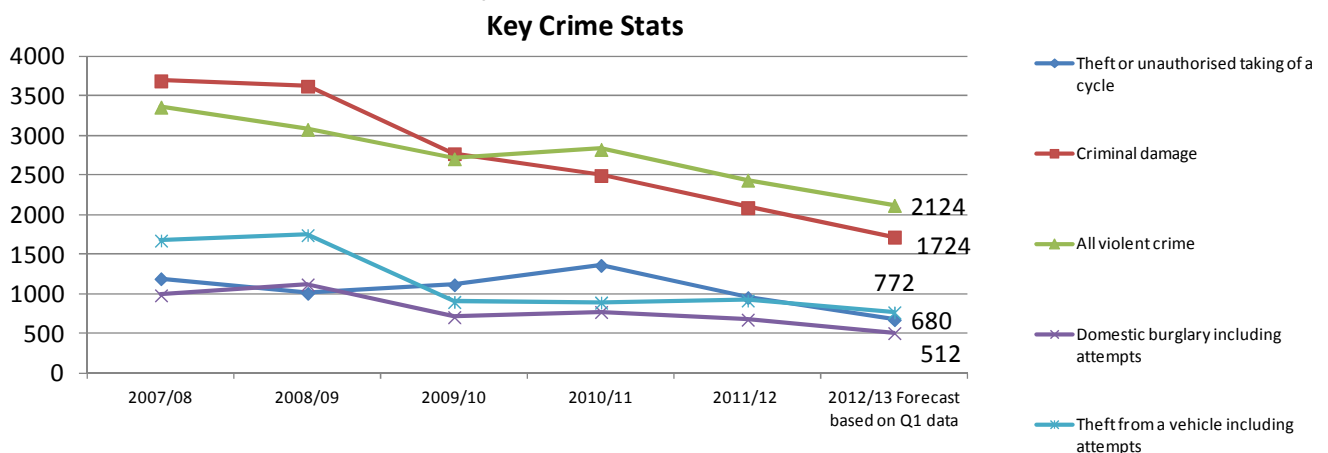
Get York Moving

25. Positive progress is being made on the Access York programme with contractor procurement having begun and a tender issue expected in early September 2012. This follows the agreement of the highway layouts in April and means the project is on target to commence construction in February 2013.
26. Improvements to bus services in the city have begun, including the upgrade of approximately 70 bus stops to improve accessibility for disabled people as well as health and safety improvements.

27. The implementation of 20 mph speed limits in the pilot areas is progressing, with a traffic order was made for the South Bank scheme in July 2012 and is scheduled to go ahead in September 2012.
28. Consultation is also underway with businesses on the potential development of a Freight transshipment consolidation centre that would reduce the number of large delivery vehicles in the city centre and footstreets area, as a means of reducing congestion and improving air quality and the retail environment.

Build Strong Communities

29. Performance across most areas of community safety in York shows very good improvement, with the total recorded crime incidents forecast to decrease by around 8% on last year. This represent a 53% decrease in crime in the city since 2004. Based on information available for Q1, all indicators within the serious acquisitive crime group are predicted to be lower in 2012/13 than in last year.



30. Tackling cycle thefts is key to encouraging increased cycling in the city and such thefts in the city were down by 29% in 2011/12 - 959 compared to 1,366 in 2010/11 and below the target of 1,064. The number of thefts continues to decline in Q1, and is forecast to be below 700 at the end of the year. York experiences a high number of cycle thefts, largely because of the high number of cyclists. Theft are particularly concentrated in the city centre and university areas. Operation Spoke has now UV marked or registered 5,000 bikes in York to deter and catch thieves.
31. A new Neighbourhood Working Model has been agreed and Community Ward Contracts developed in line with this. These were presented to ward committees in June 2012 and have identified wards with particular needs resulting in eight bespoke contracts based on the specific requirements of those wards. This is the first step towards communities taking ownership

and working in partnership with the council and other public and third sector organisations in order to help transform their communities.

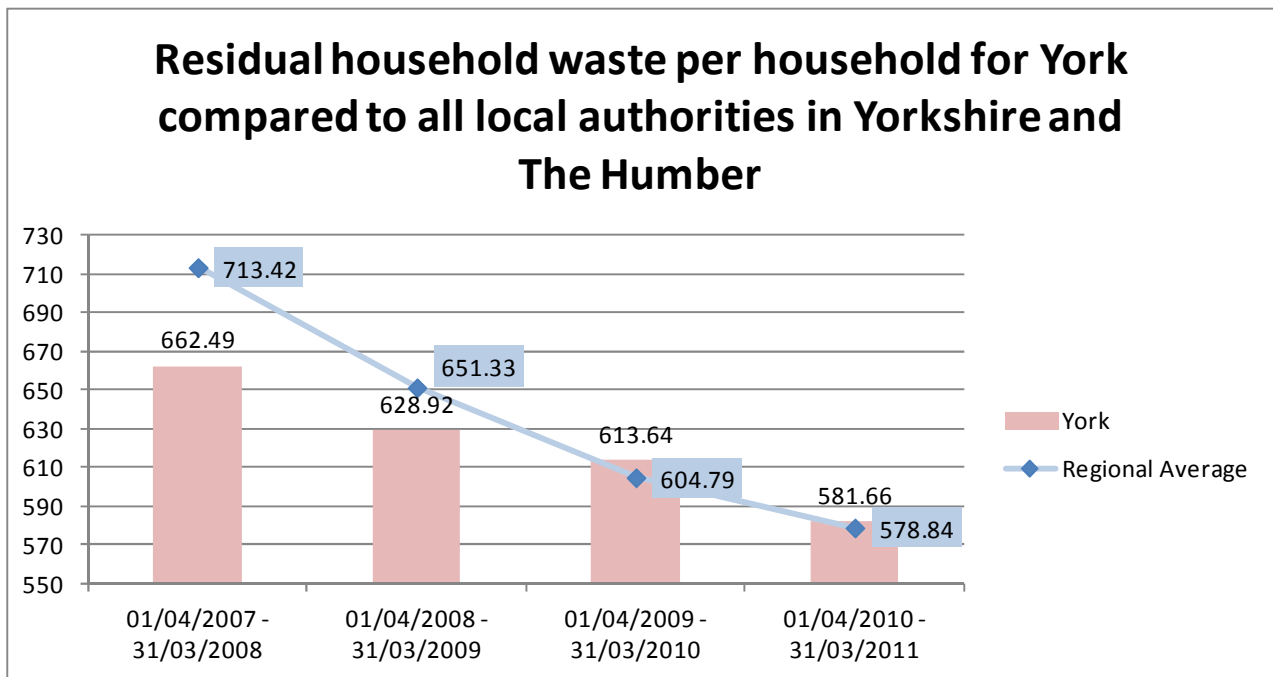
32. Community York, a new partnership of voluntary and community organisations in the city, has begun a raft of new community work supported by council funding. Each project will focus on one of the four objectives around healthy communities, engaged communities, inclusive communities and prosperous communities. Just over £120k has been made available for projects taking place from this September to March 2013. Each of the community themes has one major project with a value up to £15,000 and a series of smaller grants will fund small-scale, flexible work.
33. The Joint Strategic Needs Assessment (JSNA) for the city was agreed by the Health & Wellbeing board in April. The board have now used the JSNA to develop and agree the priorities for the Health & Wellbeing Strategy currently in development.
34. Overall satisfaction of our housing tenants has also increased (to 88.5%), reinforcing the continuous improvement over the last five years and putting us in the top quartile nationally and contributing to York being nominated as LA Landlord of the Year at the UK Housing Awards 2012. This nomination reflected: the increase in overall tenant satisfaction with the LA; the work done over the course of 2011/12 where nearly 1000 households were prevented from becoming homeless; and the development of the empty property strategy, to bring vacant buildings back into use.
35. The York800 Charter Weekend was highly successful. Footfall during the special Charter Weekend of events in the city from 7-9 July was up by nearly 20% on normal, despite flood warnings – a testament to the reach and effect of the campaign despite some challenging weather conditions. A level of community spirit not seen in the city for many years has been created, because of a celebratory feel to the promotion from a whole range of organisations and the sheer volume of events happening under the York 800 banner. The community spirit has been enhanced by the York Stories strand of the project – a chance for residents to record their stories about York. Hundreds of these have been received from a wide range of people and organisations and recorded for posterity in the city archives. This was followed by events marking the hosting of the Olympic Torch and Paralympic torch, again contributing to the community spirit of the City.

Protect the Environment

36. Waste recycling levels continued to increase and the percentage of waste landfilled to decrease, but the latest forecast latest forecast suggests that

our targets for improvement in both areas continue to be challenging. The data from waste collections indicates that waste recycled, reused or composted is currently forecast to be 46.58% compared to a target of 47.61% and the percentage of waste landfilled is forecast to be higher than its target of 51.83% for 2012/13, remaining static at just over 52.9%.

37. York has also performed less well in recent years when compared with other regional authorities. At present York does not have the facilities to treat food waste and therefore it is collected with general waste and sent to landfill. Other Authorities have the facilities to treat food waste and this collection boosts their recycling rates. Work is currently underway to explore ways in which we could improve all aspects of recycling in the city, including exploring the options for the collection / treatment of food waste.



38. The greater than expected levels of landfill also result in an increased financial pressure arising from the additional landfill tax incurred. There are also some service budget savings pressures in this area, which are covered in paragraph 72 and 73.

39. There has been a 21% reduction in CO2 emissions in the LA area since the baseline year of 2005 (1,327,000 tonnes of CO2), showing good progress towards the 2020 target of a reduction of 40%. Industry and Commercial organisations have been the largest contributor to CO2 reduction in York. Domestic CO2 has reduced, but not at the same rate as industry and commerce. It is expected that energy cost increases of the last two years will drive down domestic consumption.

40. Investigations into transport initiatives in and around the city centre will further support this agenda, with projects investigating the use of electric buses and the setting up of a freight transshipment centre (see paragraph 32) are to further increase the sustainability of transport in the city.

Protect Vulnerable People

41. Services for vulnerable children in York continue to be strong with our repeated Excellent/4* assessments for children's services being unrivalled outside London and our Children's Safeguarding arrangements were rated as good in the recent OFSTED inspection. This review also highlighted that the service has "outstanding prospects for improvement" whilst providing good value for money when compared with other authorities. York also has the lowest level of children in workless households in the region - an illustration of our comparatively strong economy creating good conditions and prospects for young people.
42. Work to ensure that there are sufficient Adopters for York children available for timely placements is progressing well and approvals in 11/12 and Q 1 are on target. In addition, we are continuing to perform at a high level for the completion of final statements of SEN at 100%, and as a result of excellent coordination of multi-agency working to develop and enhance local alternatives, we have our lowest ever numbers of children placed outside the local authority, currently at 22, having reduced steadily from a high of 35 in Q1 2010/11. Despite this good progress, there are still some financial pressures on children's services and these are covered in more detail from paragraph 65 onwards.
43. Against a backdrop of increasing demand, we are seeing improvements in our care services for adults as part of an ongoing and challenging transformation programme. In a national survey conducted at the beginning of the year, performance against the social care quality of life was measured through questions on people's control, how they were treated, the quality of their personal care, food and nutrition, safety, occupation, social participation and accommodation. York's performance in this area was improved since last year and was higher than the regional average and the average for comparable areas in the UK.
44. All of our current Elderly Person Homes (EPHs) have also now been inspected and all are compliant with the Care Quality Commission and recent improvement work on a number of areas has meant the timeliness of adult care packages increasing and a growing number of people taking control of their own care through Self-Directed Support, plus waiting lists for assessments have been largely cleared. However there are also significant

financial pressures on our adult social care budgets and these are covered in detail in paragraph 53 onwards.

Finance Monitor

45. There is strong evidence that York is performing well in delivering its priorities but financial performance is challenging. Following the extensive £21m savings programme in the 2011-12 budget, the 2012-13 budget requires a further £10.75m of savings in order to reach a balanced position. The forecasts outlined in this report reflect a prudent view of how that challenge is currently being met.
46. During the period of the governments deficit reduction programme in particular, when large savings programmes are being implemented, monitor 1 has always predicted a significant level of financial pressures but which have been successfully addressed during the year resulting in a balanced end of year position.
47. The most recent report on the council by the Audit Commission stated that the council has low service costs, low back office and management costs, low council tax per head of population and good financial controls. Given this low cost base and the increasing demand for services, particularly in social care, this first forecast of the year indicates a higher level of financial pressures than have been identified at this stage in previous years.
48. The council's net General Fund budget for 2012-13 is just over £122m. An overview of the finance forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Directorate	2012/13 Net Budget	Reworked 2011/12 Outturn	Forecast Pressures
	£'000	£'000	£'000
Adults, Children & Education	70,335	+1,523	+3,671
City & Environmental Services	20,129	+140	+1,303
Communities & Neighbourhoods	15,243	+212	+963
Customer & Business Support Services	18,144	-367	-
Office of the Chief Executive	2,864	-90	-
DIRECTORATE BUDGETS	126,716	+1,418	+5,937
Central Budgets	-4,481	-1,767	-
GROSS BUDGET	122,235	-349	+5,937

Table 1: Finance Overview

49. Early forecasts indicate that the council faces financial pressures of £5,937k. Given the context set out in the introduction to this report this position is not entirely surprising. The Council is operating in a very challenging environment and all the factors set out in the background to this report make the delivery of further savings and the identification of one off mitigation strategies considerably tougher.
50. Evidence from other authorities shows that many councils are experiencing either the same or greater level of financial pressures at this point.

Directorate Financial Performance

51. The following sections provide further information on the financial outturn of each directorate as outlined in Table 1 above.

Adults, Children & Education

52. The Adults, Children and Education directorate is reporting early financial pressures of £3,671k, split between Adult Social Services (£2,628k) and Children's Services (£1,043k). There was growth of £1,500k included in the Adult Social Care budget for 2012/13 but despite this it remains challenging to address the increase in demand for services.

Adult Social Care

53. Pressure on Adult Social Care budgets is, of course, very much a national and a topical issue. In the last couple of months, one Council (Barnet) has attracted national publicity for publishing a graph that shows that within 20 years, its entire budget will be swallowed up by social care costs. The LGA has also conducted a more recent modelling exercise that predicts a 29% shortfall between revenue and spending pressures by the end of the decade.
54. A further piece of work by the LGA indicated that Adult Care costs for York could increase 33% by 2020 and that case, even with a 2% increase in council tax each year, Adult Care would still account for half the council's expenditure in the 2019/20 financial year.
55. The latest figures for demographic trends indicate that there has been an increase of over 30% in the number of over 85's between the 2001 and 2011 census data. Further projections indicate a further 9% increase in over 85's by 2015 and 21% by 2020 with a 35% increase in over 90's by 2020. This means not just an increase in the numbers of older people requiring care, but also more people having complex and more costly care needs for longer periods of time.
56. The strategy to address these trends and their incumbent pressures has been to develop early interventions that address needs early and prevent the escalation into more complex care needs and more expensive care packages.
57. There is also a shared ambition across local government and health agencies to see health care delivered closer to home. This is underlined in York by the need to work as a community to address the budget deficit within the local health care system. The North Yorkshire and York Review highlighted the need for more joined up working and the need to reduce hospital admissions and lengths of stay. This approach does mean that more people will require social care support and this is currently an area of major concern as early discharge from hospital leads to people with complex care needs requiring very expensive care within their community.
58. The council has seen increasing numbers referred from the hospital for discharge support over the last two years:
 - Average of 125 a month in 2010-11
 - Average of 135 a month 2011-12 and this trend is continuing
59. People are leaving hospital on average 7 days earlier this year. This means that they require more social care for longer. This is a positive indicator for delivery of the care closer to home strategy, but progress in

one part of the system brings pressures in other parts. Top level discussions are taking place with the GP commissioners and the Hospital Trust to consider this problem and seek mitigations.

60. Homecare – The Homecare service has been substantially redesigned and has been successful in signposting customers with low level needs to other forms of provision. This has meant that the number of customers has remained stable despite the growth in the number of potential customers, but it does also mean that the customers receiving the service have more complex needs. This is one reason why, despite unit costs going down following the outsourcing of the service weekly, spend on our home care contracts has increased from £54k a week in July 2011 to £80k a week in July 2012. This results in a forecast financial pressure of some £1,549k.
61. All high cost packages have to be authorised by a Spend Panel, including The Assistant Director, Group Managers and Commissioning and Contracts Manager to ensure the needs are evidenced and eligible and that the costs are in line with market rates.
62. Nursing Care - The number of admissions to care homes has remained fairly stable, but as predicted the demographic pressures and the increasing ability to support people at home for longer means people are needing more intensive support as they enter care homes. This is leading to higher costs in nursing homes, and for some residents additional 1:1 support to keep them safe, leading to a forecast financial pressure of £272k.
63. Demographic pressures are also evident in Adult Transport with a forecast overspend of £264k.
64. With developments in medical science young people with complex needs are living for longer and moving from children's services to adults services where they can need intensive support to keep them safe and able to live a full life. 35 young people have moved from children's to adults services in the last two years, which is a trend that would not have been seen even 5 years ago.

Children Services

65. The strategy in York has been to invest in preventative services and to support greater early intervention in the belief that this will lead to a reduction in the overall population of young people in care over time. There are some encouraging signs that that this approach is succeeding, with the intake having reduced since it's 2007-9 peak with approximately 20% fewer over 2009-11 than over 2007-9 and some 25% fewer admissions in April-July 2012 than in same four months of 2011.

66. New services have been introduced which are impacting upon the increased number of cases being seen associated with drug and alcohol misuse and domestic violence and our greater targeting of support and the expansion of services such as intensive family support teams specifically aimed at those on the edge of care, give ground for further optimism. We also know that the new front door arrangements are supporting early interventions, coordinated across multiple agencies.
67. However, the financial pressure on the budget for children's services has continued into 2012/13, despite the additional resources of £500k provided in this year's budget. The current pressure reflects various costs associated with the increase in the total number of looked after children which had risen to 261 by the end of the first quarter.
68. Most notably, local foster placements have increased from 174 to 180 (£132k) and Independent Fostering Agency placements have increased from 13 to 17 (£192k). This has had a corresponding impact on support budgets, including staffing (£229k), leaving care costs (£135k), legal fees (£100k) and adoption agency fees (£91k). Mitigating this position are a number of underspends elsewhere in the directorate, including the LACSEG Academy refund (£397k) and vacancies in small day services (£233k). A vacancy freeze and moratorium on non essential expenditure is also in place.
69. The Council does continue to benefit from our ability to retain the significant majority of placements in local high quality family settings – compared to authorities with 30% of placements with (more expensive) Independent Fostering Agencies, York continues to have less than 10% in such placements.
70. Overall, our target of safely reducing the care population by the end of 13/14 is ambitious but appears to be deliverable given the performance in relation to early intervention and managing those on the edge of care.

City & Environmental Services

71. The City & Environmental Services directorate is reporting financial pressures of £1,303k. A two year programme of transformation has been identified to deliver the Directorate's savings but some of these will not take effect until 2014/15 and in the meantime compensatory one off savings will need to be identified.
72. A number of pressures exist across the Highways, Waste & Fleet service. Savings proposals are being developed to deliver these but in the meantime there is a shortfall in Commercial Waste income (£402k) Savings

identified for 2012/13 around changes to terms and conditions, increases in productivity, waste round rationalisation, Household Waste Recycling Centre policy and garden waste collections are yet to be delivered (£164k), as well as unachieved savings from 2011/12 related to Agency Staff, Area Based Working, Internal Trading and Procurement (£320k).

73. There is a shortfall in Building Control and Land Charges income (£340k), however this is being offset by holding vacancies in the service area (£144k). There is also a £167k shortfall in Parking income which has been impacted by recent bad weather, the continued effects of the economic downturn and the temporary closure of the Haymarket car park whilst archaeological works were undertaken. This has been offset by savings on the cost of Concessionary Fares passes and Taxicard usage.

Communities & Neighbourhoods

74. The Communities & Neighbourhoods directorate is forecasting early financial pressures of £963k, the majority of which is attributable to unachieved savings from 2011-12 (£844k) A number of these savings whilst undelivered in 2011/12 will be delivered during 2012/13 as a result of ongoing work. In addition to this, work is ongoing to identify alternative in year savings to offset those 2011/12 savings which will not be delivered and current in year pressures. Assistant Directors are reviewing their current budget / service provision and will be bringing forward proposals, which will be reported in more detail in the next monitor report, to mitigate the current projected budget overspend with the aim of bringing the budget in on line at year end.
75. Elsewhere in the directorate, no further significant pressures are being anticipated at this time.

Customer & Business Support Services

76. The Customer & Business Support Services directorate is currently projecting that it will outturn on budget. The directorate will continue to try and identify other underspends which could assist in mitigating the council wide position.

Office of the Chief Executive

77. The Office of the Chief Executive directorate is currently forecasting that it will contain expenditure within budget. As with CBSS, the directorate will continue to try and identify other under spends which could assist in mitigating the council wide position.

Corporate Budgets

78. These budgets include Treasury Management activity and other corporately held funds. At present, it is anticipated that there will be no variation to budget in these areas.

Dedicated Schools Grant

79. In the DSG area there is a projected underspend of £204k against a budget of £107,405k, 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)

80. The current working balance on the HRA is £9,885k and the estimated variance against this is an underspend of £115k, which is due to number of variations across the service.

Financial Controls

81. The Audit Commission reviews the council's arrangements for securing economy, efficiency and effectiveness on an annual basis. The most recent states that "The Council has generally low service costs per head of population, low management and back office costs and low Council Tax levels, when compared to others. Performance reports, scrutiny reviews and other reports to members contain comparative information so there is generally a sound awareness of how costs and quality of service compare with others".

82. Whilst continued determination to control costs from teams across the council should see an improved position as the financial year progresses, further mitigation will need to be identified to contain the expenditure within the approved budget by the end of the financial year. As strategies are identified the reported forecast will be amended in line with the council's stringent financial monitoring, a course of action that has been successful in previous years.

83. The council's management team will continue to monitor the financial position of the council on a monthly basis and will bring back a further detailed report at monitor 2 on 6 November 2012 which will set out the mitigation strategies to address this position.

84. Should the financial pressures not reduce sufficiently, or proposed mitigation strategies not deliver the improvement required, escalation of the issues will be raised by Director of Customer & Business Support Services to Members outside of the standard reporting schedule.

Reserves

85. The February 2012 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (or 5% of the net budget). As part of that report, it was also agreed that £250k was added to the reserve to provide an appropriate and prudent level of headroom.
86. Members have to be mindful that any overspend would have to be funded from this reserve reinforcing the need to contain expenditure within budget. Should this happen the Director of Customer & Business Support Services would have no option but to recommend to Council that the reserve is reinstated to at least its minimum required level which would have implications on future budget setting cycles.
87. The following sections provide information regarding our performance against the Council Plan priorities:

Analysis

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

Consultation

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

Council Plan

90. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

Implications

91. The implications are:
- Financial - dealt with in the body of the report.
 - Human Resources - there are no specific human resource implications to this report.

- Equalities – equalities impact assessments have been undertaken for all savings proposals and are accounted for at all stages of the financial planning and reporting process.
- Legal - there are no legal implications to this report.
- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.

Risk Management

92. 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

93. Members are asked to note the current projected pressures of £5,937k and note that strategies are being prepared to mitigate this position.

Reason: In order to ensure expenditure is kept within budget.

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