
Executive Members for City Strategy and Advisory Panel

8 December 2008

Report of the Director of People and Improvement

CHIEF EXECUTIVE'S MONITOR 2 FINANCE & PERFORMANCE REPORT 2008/9

Summary

1. This report is the second monitoring report for the year combining performance and financial information for the Chief Executive's Directorate. This covers the period April to October 2008. The financial element will cover performance against budget and capital projects for the Chief Executive's Directorate. The performance element covers Corporate and Directorate indicators and updates on key projects from the various service areas.
2. This report is for information only and Members are asked to note the performance and financial position.

Background

3. Although BVPIs are reported on in this document for local use, they have now been superseded by a new indicator suite, National Performance Indicators (NPIs). The NPIs which are the responsibility of the Chief Executive's Directorate will be measured by the Place Survey which is due to be reported early in 2009.

Directorate Financial Overview

4. The latest budget for Chief Executive's Directorate totals £6,244k. This includes the transfer in of Property Services and Payroll services into the directorate and the transfer out of the Performance, Policy and Planning team to the Resources Directorate.
5. Current projections show that the directorate will overspend by £354k which equates to 1.7% of the gross expenditure budget. The financial position is summarised by service plan below:

Service Plan Area	Approved Budget			Variation		
	Expend Budget £(000)	Income Budget £(000)	Net Budget £(000)	Projected Outturn £(000)	Under /Over £(000)	% of gross budget
Corporate & Democratic Core	1,612	0	1,612	1,612	0	0
Chief Executive	407	9	398	393	-5	-1.2
Director of People & Improvement	312	116	196	196	0	0
Human Resources	3,802	3,781	21	83	62	2.0
Marketing & Communications	799	851	-52	-12	40	5.0
Civic, Democratic & Legal	3,246	820	2,426	2,389	-37	-1.1
Total excluding Property Services	10,178	5,577	4,601	4,661	+60	0.6
Property Services	10,388	8,745	1,643	1,937	+294	2.8
Total including Property Services	20,566	14,322	6,244	6,598	+354	1.7

6. The table above shows that the Directorate is forecasting an overspend of £354k. Of this overspend £294k is from the transferred in Property function. The two areas are considered separately within the report.
7. A breakdown of variations, where forecast outturn is significantly different to the approved estimate can be seen in Annex 1. The key variances (excluding Property Services) are itemised below:
 - Consultancy costs supporting the Health and Safety function prior to the appointment of a new manager (£+75k)
 - Additional costs incurred within Corporate HR partly as a result of backfill arrangements for Pay and Grading review (£+58k)
 - Projected surplus from the recruitment pool (£-83k)
 - Non forecast achievement from letting advertising on council boundary signs (£+20k)
 - Continued forecast shortfall from the Print Unit (£+25k).
 - Staffing savings resulting in vacancies within democracy and committee services (£-71k)
 - Temporary additional costs of additional childcare solicitor (£+18k)
8. In total the identified overspends total £335k and mitigating savings of £275k have currently been identified.
9. The Directorate Management Team have looked to consider how the budgeted overspend can be brought back into balance. All of the members of the Management Team have been tasked to bring forward proposals that will provide savings for the Directorate without impacting on key deliverables. The actions proposed include to review all vacancies to determine whether posts need to be filled, deferring non-

committed expenditure and seeking to bring shortfall income forecasts in closer to budget.

10. Shortfall income forecasts in Marketing and Communications are being considered, with the print unit's revised price structure and additional work starting to have a positive impact. This will continue to be closely monitored.
11. The scrutiny budget is being reviewed and in year commitments suggest a possible shortfall in expenditure. This will be monitored closely and reported at monitor 3.
12. Commitments to corporate and member training are being reviewed in an attempt to reduce in year expenditure.
13. Human Resources are to review their current backfilling arrangements to determine whether services can be delivered in a more economic way for the remainder of the financial year.
14. It is considered that by taking the above action the forecast overspend should be considerably reduced. The budget will continue to be monitored closely and the result of the management action will be reported back to the EMAP as part of the third monitoring report in January.

Property Services Financial Overview

15. The financial position within Property Services is of concern. The latest projection is that the service will overspend by £294k. This compares to a projected overspend of £188k at Monitor 1 reported to Corporate Services EMAP.
 - a) The three staffing trading accounts of Strategic Business and Design, Facilities Management and Asset and Property Management are projected to break even.
 - b) One of the largest projected shortfalls (£132k) is within the Commercial Property Portfolio as current economic conditions lead to further voids within the sector. Emergency maintenance works on a number of properties has impacted too, particularly the Coppergate Chimney.
 - c) The other major shortfall (£137k) is in Administrative Accommodation. The greatest impact has been an increase in hire and services charges from our landlords (£96k) for additional costs of repair and maintenance of expensive elements of the leased buildings (e.g. boilers and heating systems). A 60% rise in electricity costs this year and increasing pressure on the limited repair and maintenance budget have contributed to this situation. All repair and maintenance expenditure on admin accommodation buildings is now on hold,

items will be considered on a case-by-case basis and works only undertaken to meet health & safety requirements, protect life and limb or to meet legal and compliance obligations.

- d) It is proposed that the Corporate Landlord brings a regular report to this EMAP as part of the monitoring process in order to highlight the corporate pressures on budgets resulting from a very volatile energy market.
- e) The third major element of shortfall (£26k) is on the management of surplus assets. The projected overspend includes costs incurred on Edmund Wilson Pool, Yearsley Bridge and Piccadilly. As it becomes more difficult to sell properties the costs of maintaining, securing and managing surplus property will become more expensive. The dilemma is that to sell now will mean low receipts, to delay sales until the market is healthier means greater cost of managing our redundant assets.

16. Details of the Directorate Capital programme is shown at Annex 4.

Corporate Performance Overview

Corporate Health- Staff Sickness across the Council

17. The number of staff days lost to sickness across the Council for the first half year has reduced in comparison with the same period last year:

	April-September 2007/8	April-September 2008/9
Average days lost per full time equivalent – all sickness	5.03	4.26
Average days lost per full time equivalent – stress	1.10	0.83

Corporate Health- Health and Safety across the Council

18. The number of accidents reported to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) regulations during April – September 2008 was 24. There were 63 reportable accidents in the whole of 2007/8. Even allowing for over-reporting last year with the introduction of the new policy, it appears that safety measures have been successful.

Chief Executive's Directorate Performance Overview

Customer First Indicators – Letters

19. The Customer First figures show that the Chief Executive's directorate answered 2403 out of 2457, or 97.80%, letters in the first half of 2008/09, within the Councils 10 days standard. This exceeds the corporate target of 95%.

Customer First Indicators – Telephone Calls

20. In the Chief Executive's Directorate 91.84% (or 14,211 out of 15,490) telephone calls were answered within 20 seconds in the first quarter of 2008/09. This is below the corporate target of 95% and the corporate average of 94.18%.

Customer First Indicators – Visitors seen and Stage 2 and 3 complaints

21. 1463 customers visited the Chief Executive's reception area during April – September 2008, and 100% of them were seen within 10 minutes. 1013 of these visitors needed to be referred to another officer, and 100% of them were also seen within 10 minutes.
22. There have been no stage 1 or stage 2 complaints in the period under review.

Corporate health – Staff sickness in Chief Executive's

23. Sickness figures for the first half of the year in Chief Executive's are shown below with last year's figures for comparison:

	April – September 2007/8	April – September 2008/9
Average days lost per full time equivalent – all sickness	4.95	3.20
Average days lost per full time equivalent – stress	0.98	0.02

24. This does show a marked improvement in sickness absence compared with the same period last year, and 1.06 days fewer per FTE than the whole Council figure. Stress related illnesses have shown a considerable drop to become almost non-existent.

Service Plan Key Actions and Projects

Human Resources

Pay and Grading

25. Following rejection of the original proposals in a ballot in September 2008, the council and the trade unions negotiated some revisions to the original proposals. The four areas that changed are:
 - Extension of pay protection for 6 months
 - Revision of payments for overtime
 - Maintaining employees' current notice periods
 - Removing the 84 hour limit on standby payments.
26. In a subsequent ballot of their members, which concluded on 7 November, 77% of trade union members who took part in the ballot voted to accept the revised proposals. The council is now working to implement the new 12 grade pay structure and allowances in December 2008.
27. HR are supporting the organisation through this in a number of ways:
 - An e-mail support line is available.
 - There is a great deal of information posted on the council's intranet.
 - Further guidance on specific allowances is available via a Briefing note issued by HR
 - Revised pay policies and procedures related to implementation of the new Pay structure are being produced.

Health and Safety

28. A further set of Council Health and Safety Arrangements and Compliance notes has been issued. The joint Health and Safety Committee continues to meet under the new arrangements and Health and Safety panels have started to meet in Directorates.
29. The new arrangements regarding RIDDOR feedback has started to take effect resulting in an instant notification to senior officers of such incidents. This is starting to raise awareness and provide further impetus for more effective action.
30. A new Health and Safety Manager commenced work during October 2008.

Delphi Replacement and E-Recruitment

31. The Delphi replacement project board and E-recruitment board is making progress with project management arrangements and resource

arrangements to deliver these pieces of work. Consideration is being given to aligning both projects under “Easy” to ensure benefits are realised from the project.

HR Development and People Management Review

32. The new Head of Human Resources/Occupational Development commenced on 1 October 2008.
33. Actions have been taken to ensure that resource gaps in the Corporate Development team are covered and the current HRMT arrangements have been overhauled and replaced with a structured programme of development sessions and workshops designed to ensure that the HR team is prepared to deliver the immediate priorities e.g. Delphi, E-Recruitment, CPA/CAA requirements etc.

Marketing and Communications

34. The Marketing and Communications Team’s work includes:
 - Proactively and reactively working with national, regional and local news media.
 - Being the council’s corporate marketing service.
 - Producing the publications *Your City, Streets Ahead* and an *A-Z of Council Services*.
 - Leading corporate internal communications with the Council’s staff through *News and Jobs* and *News in Depth*.
 - Providing high quality research and consultation to ensure customers’ needs and aspiration are understood.

All of this work is on target. Over and above this the M & C Team has three critical success factors (CSFs) defined in their Service Plan:

- Write and implement external communications strategy incorporating the issue of reputation and reflecting the priorities and values of the Corporate Strategy.
- Write and implement a consultation strategy, which will ensure that the needs and requirements of the Council’s customers are understood through effective research and consultation.
- Write and implement an internal communications strategy to ensure that staff understand their role in the ‘golden thread’ and the Council is able to communicate essential information effectively to staff.

The first two of these are to be incorporated into the Council’s Engagement Strategy, being led by the Chief Executive with the Head of Marketing and Communications as part of the single Improvement Plan. The first stage is due to be delivered in December 2008 with an

“engagement toolkit” planned for March 2009 making up the full strategy. The last CSF, the internal communications strategy, has been delayed while work on the Council’s new Intranet continues. The new Intranet will be an exciting internal communications tool which will fundamentally change the way we communicate with staff and will, therefore, affect the strategy. This work is expected for 2009 and will be allied to the engagement strategy toolkit. The Marketing and Communications team will be working closely with Human Resources in this work.

Civic, Democratic and Legal Services

35. The Legal team have once again received Lexcel accreditation after inspection by the Law society.
36. The annual canvass to complete the electoral roll is currently being carried out. Electors can now register online for the first time. The new edition of the electoral roll will be published in December 2008.
37. Work on establishing a framework for development and training for elected members is ongoing. Much of this has been incorporated within a new single improvement plan around the Council's approach to engagement with members, now being championed by Terry Collins.
38. The Head of Civic, Democratic & Legal Services submitted a report to Council in April 2008, seeking approval for a number of constitutional changes, such as adjustments to the size of the Executive; revisions to Standing Orders; expanding the terms of reference for the Urgency Committee to include 'staffing' matters, clarifying the role of working groups; designating appropriate Champions and expanding the role of the Standards Committee. Those changes were agreed by Council and have now been implemented.
39. A project reviewing the existing Scrutiny structures is underway. Three workshops were held over the summer with Members to set out some potential options for Scrutiny in York in the future and gather Members’ views on those options and on current Scrutiny structures in York. The information gathered from those sessions is being worked up into a formal report for consideration by CMT initially and then by Members through the decision-making process. It is intended for that report to be considered by full Council in November, with a view to Council adopting a suitable scrutiny structure for York at that meeting.

Property Services

40. The Property Services team continue to support and lead several important workstreams within the Administrative Accommodation project. Specifically, the Land Assembly, Design and Construction, Property Exit Strategy, including disposals and contributing to the development of the new approach to FM. The Assistant Director: Property Services continues to act in an advisory capacity.

41. The delay to the Admin Accommodation project will impact upon both the management of the freehold properties the council own and the management and extension of lease agreements for the leasehold properties.
42. In early October the council were faced with a significant fire at the York High School – Dijon Avenue site. Property Services have played a significant role in ensuring that the school re-opened on 3 November 2008. The department managed all of the demolition, building, portakabin erection, services, cleaning and security works in a speedy, efficient and safe manner. All staff involved, along with contractors, suppliers and service providers have received warm thanks for the coordinated manner in which the works were completed.
43. Work continues on the York High School – Cornlands Road site with the expectation that it will complete on time and within budget.
44. On the same site the construction of the new swimming pool is well underway.
45. All summer maintenance works have been completed during the holiday window with the minimum of disruption to clients and customers.
46. Property Services are also working on design projects for the primary capital programme, children's centres, Changing Places, new city centre toilets, St. Clements Hall and the 3 new park and ride sites.
47. The first Area Asset Management Plan was approved by the Executive in July and work is at various stages in developing plans for Rawcliffe/Clifton, Leeman Road, Acomb 1, Acomb 2 and the east side of York. Work continues in support of Service Asset Management Plans.
48. The Asset and Property Management section are leading and coordinating significant cross-directorate development work in support of major disposals at Lowfields and Manor school sites.
49. Property Services are facing challenges on several fronts at this time:
 - a) Being reorganised into Chief Executive's requires the coming together of diverse professional services and the creation and development of a new team to deliver its services.
 - b) Pressures to reduce budgets in an environment that also creates pressure to improve and expand services for the customer. Capital is at a premium with the council no longer able to rely upon simply acquired capital receipts. Sales are dependant upon rationalisation of accommodation and the integration of services, all at a cost.

- c) Economic climate - The current crunch has slowed things down in the housing sector but not so much in public investment. Land values have dropped significantly, not a good time for sales. Our commercial tenants are struggling with significant risk of business failure after the Christmas sales.
- d) Recruitment and retention - the council is now struggling to compete in the marketplace for technical professional staff. Property Services currently have 12 vacancies filled with expensive agency and consultant staff.

Equalities

- 50. Following the publication of CPA results, an Equalities improvement plan was put in place. In the first two quarters key outcomes arising from the plan are detailed in the following paragraphs.
- 51. The current Equality Strategy was updated for the period July 2008 to July 2009. The resulting corporate single Equality Scheme was discussed at the Social Inclusion Working Group (SIWG) and will be developed further during the rest of the year, leading to a new Equality Strategy and schemes for the period July 2009 to July 2012.
- 52. CMT adopted a corporate system for embedding equalities in the organisation.
- 53. The programme of agreed priority Equality Impact Assessments (EIA) for 2008/9 progressed as agreed. A Social Inclusion Working Group (SIWG) EIAs Fair took place in November 2008 giving community representatives the opportunity to comment on the findings of 9 key EIAs. The results of each EIA will be fed into the service planning process.
- 54. A series of classroom-based training for members and staff was originally planned but has been delayed until current legislation and standards become clearer after April 2009. However, more equality awareness training is planned for later on in the year and a growth bid worth £10K has been made for a programme of compulsory classroom-based training for front line staff and service managers in 2009/10. This training will also be available to members.
- 55. The SIWG had its first meeting to include people with learning disabilities. The format of meetings is currently being looked at with a view to making them more accessible to representatives from all equality strands. The Group is currently formulating its own equality strands engagement strategy to help support its further development and the development of the corporate Equality strategy and schemes 2009-12.

56. An appointment was made to the Corporate Equalities Data Project Officer post. The person started on 3 November 2008.

Consultation

57. The report is primarily an information report for Members and therefore no consultation has been undertaken regarding the contents of the report.

Options & Analysis

58. The report is primarily an information report for Members and therefore no specific options are provided to Members regarding the contents of the report.

Corporate Priorities

59. The principle function of this report is to provide details of the directorate's financial and service performance for the 2008/09 financial year. As such it contributes to the proper financial management of the authority.

Implications

Financial

60. The report provides details of the portfolio projected financial position and therefore implications are contained within the report.

Other Implications

61. There are no significant human resources, equalities, legal, crime and disorder, information technology or property implications within the report.

Risk Management

62. The report is primarily a look back at finance and service performance and therefore there are no significant risks in the content of the report. Paragraph 33 considers issues following on from the outturn position where overspends may recur into future years.

Recommendation

63. That the Advisory Panel advise the Executive Leader to note the financial and performance position of the portfolio.

Reason – In accordance with budgetary and performance monitoring procedures.

Contact Details

Author:

Patrick Looker
Finance Manager
City Strategy
Tel No.551633

Barbara Boyce
Business and Performance
Manager
City Strategy
Tel No.552104

Chief Officer Responsible for the report:

Heather Rice
Director of People and Improvement

Report Approved Date 26/11/08

Specialist Implications Officers: None

Wards Affected:

All

For further information please contact the authors of the report

Background Papers:

Budget Monitoring Papers held within City Strategy Finance

Annexes:

- Annex 1 Service Variations against budget
- Annex 2 Corporate Performance Indicators
- Annex 3 Chief Executive's Directorate Performance Indicators
- Annex 4 Chief Executive's Capital Programme