

## Effective Organisation Overview & Scrutiny 23rd February 2010

### Report of the Director of Resources

### Third Performance and Financial Monitor for 2009-10

#### Purpose

- 1 This report provides details of the headline performance issues from the third performance monitor of 2009-10 covering the period from 1 April to 31<sup>st</sup> December 2009. Three areas of performance are covered in this report:
  1. *Performance* – sets out how well the council is performing across a wide range of performance indicators, at both corporate and directorate level.
  2. *Corporate Strategy actions* – provides an update on progress against projects and actions that support the council's corporate priorities.
  3. *Finance* – covers service and corporate budgets.

#### Summary

- National Performance Indicators (NPIs) – 53% of NPIs (with data available) are improving, with 58% on track to hit their 2009-10 target. 59% of the LAA indicators (with data available) are improving and are on track to hit their 09-10 target. Areas of poor performance are also being reviewed and benchmarked for improvement and action is being taken where appropriate.
- Corporate Strategy – 78% of milestone actions are on track to hit their deadline, or have been completed and 22% are reporting slippage. 3 out of the 54 actions will not be completed in 2009-10.
- The council is currently identifying financial pressures of £2,333k in 2009-10. Extensive action continues to be undertaken by all directorates to contain the extent of any potential overspend.

#### Performance indicators

- 2 Overall 51% (110 out of 217) of the national performance indicators have data available at this point in the year mainly due to most being collected annually or through periodical surveys. Many are also published via government bodies at the end of the year. Of those available, 53% are improving compared to last year and 58% are on track to hit their 2009-10 target.

	Total reported this month	On target	Improving	Declining	Stable
<b>National Indicators</b>	110 of 217 (51%)	53 of 92 (58%)	50 of 94 (53%)	27 of 94 (29%)	17 of 94 (18%)
<b>LAA/priority Indicators</b>	24 of 49 (49%)	13 of 22 (59%)	13 of 22 (59%)	4 of 22 (18%)	5 of 22 (23%)

Note for table above: Not all NPIs reported can be assessed for improvement (e.g. no 2008-09 outturn). Similarly, some do not have targets set for 2009-10 as this is the first year they are being collected.

- 3 Only 24 out of 49 LAA indicators have 2009-10 data available at this stage in the year, with 59% of those showing improvement and forecasting to hit their 2009-10 target.
- 4 Comparative and quartile data mentioned in this report is based on in-year data received from other similar councils in the PwC benchmarking club. The following paragraphs give details of indicators where performance is deemed to be an exception (e.g. good improvements or possible areas of concern). In particular, indicators that support priority improvement (e.g. LAA or corporate strategy targets) have been included.

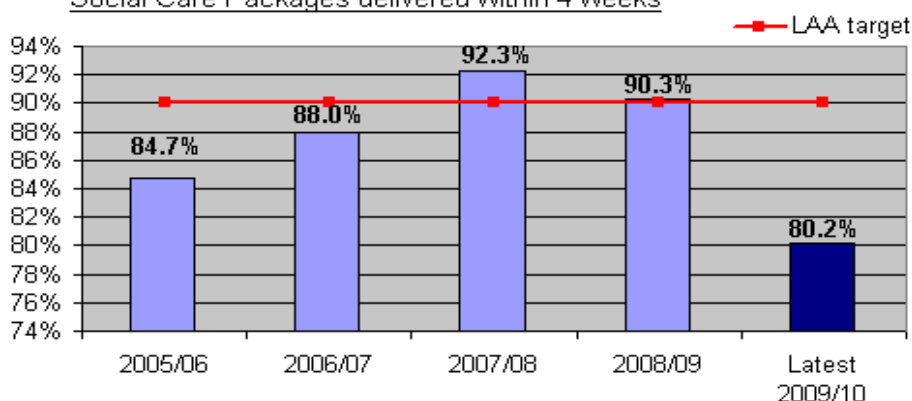
### Housing

- 5 *NPI 156: Homelessness (LAA indicator).* The number of York households living in temporary accommodation continues to reduce, despite the national increase in home repossessions across England. Performance currently stands at 109 (well below the LAA target of 120) and indications are that this could reduce further to below 80 before the end of the financial year, which would represent a 62% reduction since 2007-08.
- 6 *NPI 155: Affordable homes (LAA indicator).* The number of affordable homes delivered in York by the end of December 2009, is 99. The original LAA target for the year of 280 completions has been revised to 146 after negotiations with the Government Office. The revision is largely due to the downturn in the housing market and needs to be considered in the context that the original LAA targets were set in 2007 at the peak of the market. Since then, some developments have stalled and others slowed down. Latest projections however, indicate that the 146 target will be met.

### Adult Social Care

- 7 *NPIs 132 & 133 – timeliness of social care assessments and packages.* Both these indicators cover areas that need to show improvement to address performance issues highlighted in the 2008-09 Adult Social Care inspection. Progress so far this year is mixed:
  - NPI 132: Timeliness of assessments. Performance has improved from 67.1% to 79%, already exceeding the 2009-10 target of 77%. If this is maintained, York would move up from the bottom to the 3rd quartile, based on PwC benchmarking data.
  - NPI 133: Timeliness of care packages. The improvements made on social care assessments are having a knock on effect for the timeliness of care packages as services are struggling to keep up, particularly in Occupational Therapy. Performance so far this year is at 80.2%, a drop of 10% on the 90.3% achieved in 2008-09. This falls short of the 90% target set for 2009-10 and if no further improvement is made this year, this will move York from 3rd to the bottom quartile of unitary authorities. A number of actions are in place to address the issue of incorrect reporting (i.e. how certain types of residential respite stays are reported). The delivery of re-enablement home care when people leave hospital is also being explored and these actions should lead to improvement and performance may be closer to target by March 2010.

Social Care Packages delivered within 4 weeks



- 8 *NPI 141: Vulnerable people achieving independent living (LAA indicator)*. Performance has fallen slightly due to an amendment made by the Government Office to the quarter 1 figure previously reported to members in September. This has resulted in a 2.2% drop, taking performance from 70.7%, to 68.5% (for the first 6 months of 2009-10), which places York in the bottom quartile. HASS are currently investigating the possibility of resubmission to correct this figure.

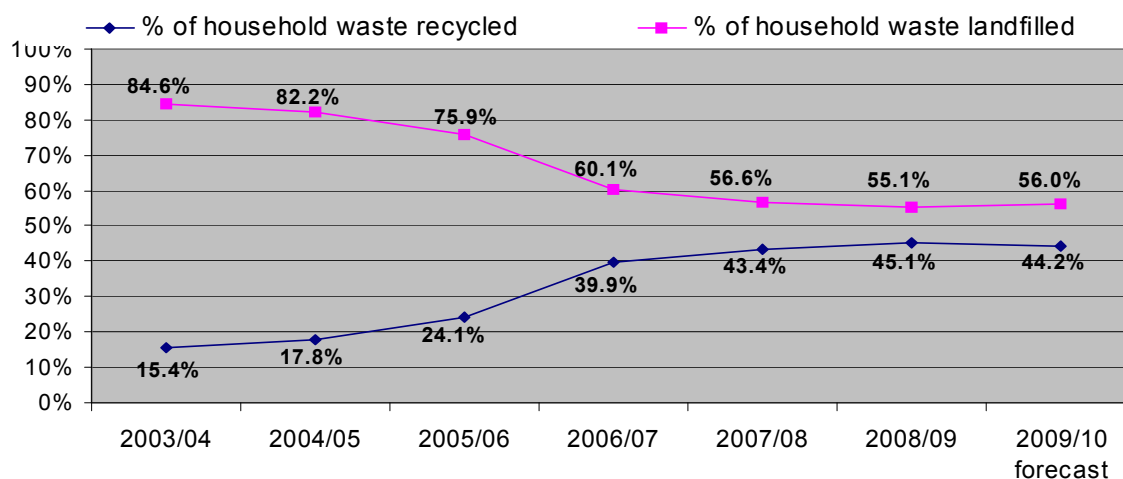
Waste & recycling

- 9 *NPI 191-193. Waste collection and management (LAA indicator)*. The amount of residual waste collected per household is forecast to drop by 5% in 2009-10, from 629kg to 600kg. This is now the 3<sup>rd</sup> lowest (best) within Yorkshire & the Humber. The % of waste recycled/composted in 2009-10 is forecast to reduce slightly for the first time in over a decade (44.2% compared to 45.1% in 2008-09), this has also affected the % of waste landfilled, which is forecast to increase by 1%.

	08-09 Result	09-10 Forecast	09-10 Target	On Target?	LAA target?
NPI 191: Residual household waste per head	629kg	600kg	617kg	Yes	Yes
NPI 192: Household waste recycled/composted	45.1%	44.2%	47.9%	No	No
NPI 193: Municipal waste landfilled	55.1%	56%	52.6%	No	No

- 10 Despite the rise in the % of landfilled waste, the council will actually landfill 3540 tonnes less than in 2008-09, due to 8090 tonnes less being collected from households. Much of this is due to the recession and a possible change in buying habits. The graph below shows the trend in recycling/landfill rates over time and the recent change reflects the fact that the tonnage of waste from kerbside recycling and waste recycling centres (WRCs) has reduced at a faster rate than the reduction in total waste collected (see table on next page).

York's waste recycling and landfill rates



	% change
Tonnes of household waste collected	- 6.1%
Tonnes collected through kerbside recycling	- 8.4%
Tonnes brought to waste recycling centres	- 8.9%

- 11 York remains one of the highest performing councils in terms of waste management, even though expenditure is well below the regional average per head of population for this service. The latest Talkabout survey results show that recent improvements have had a positive impact on local resident perception of waste services, with satisfaction on refuse collection and doorstep recycling increasing by 8% and 6% respectively.

Residents who were very or fairly satisfied with:	2005/6 (3 surveys)	2006/7 (3 surveys)	2007/8 (3 surveys)	2008/9 (1 survey)	2009-10 (1 survey)
Refuse collection	78%	76%	78%	78%	86%
Doorstep recycling	76%	75%	80%	77%	83%

Note: the Talkabout question was reworded in October 2009 to ask 'how satisfied' rather than 'how good or bad' the service is.

- 12 The number of missed bins also reduced in 2009-10, with just 0.04% of total bins collected being missed between Apr- Nov (98.4% of these were put right by the next day). The bad weather will adversely affect the December and January figures, as it proved impossible to collect from all York's streets in the snow. Waste service staff were also redirected to help clear snow and fill salt bins.
- 13 The waste management targets set for 2009-10, and the forecasts mentioned above, take into account the extension of kerbside recycling to 92% of households by March 2010, and the impact of the WRC permit scheme. Unfortunately, the target setting did not predict the impact of the recession. An internal 'Challenge & Innovation Panel' took place in January to review current performance and examine options that could lead to future 'stepped change' improvement in performance.

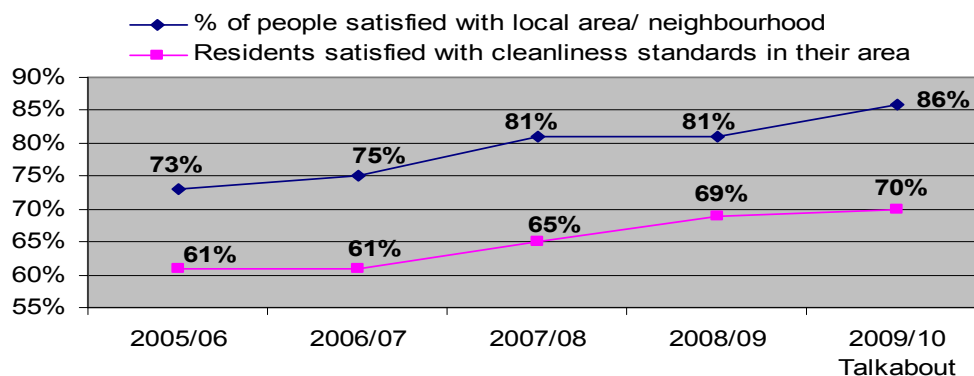
#### Environment & Cleanliness

- 14 *NPI 195a-d: Street environment and cleanliness.* Four NPIs measure the proportion of areas around York that have unacceptable levels of litter, detritus, graffiti and fly-posting. They are assessed through a street cleanliness survey, carried out three times a year; the first 2 surveys of 2009-10 show encouraging results and forecasts across all 4 areas (see table below).

<u>N195 – Street Cleanliness</u>	Levels found in surveys of...			
	Litter	Detritus	Graffiti	Fly-posting
2007-08	7.6%	8.9%	2.3%	0.3%
2008-09	8.9%	11.0%	4.7%	1.1%
2009-10 (1 <sup>st</sup> survey in June)	4.5%	13.3%	2.6%	0.0%
2009-10 (2 <sup>nd</sup> survey in October)	3.3%	4.0%	1.9%	0.0%
2009-10 year-end forecast	6.5%	9%	2.3%	0%

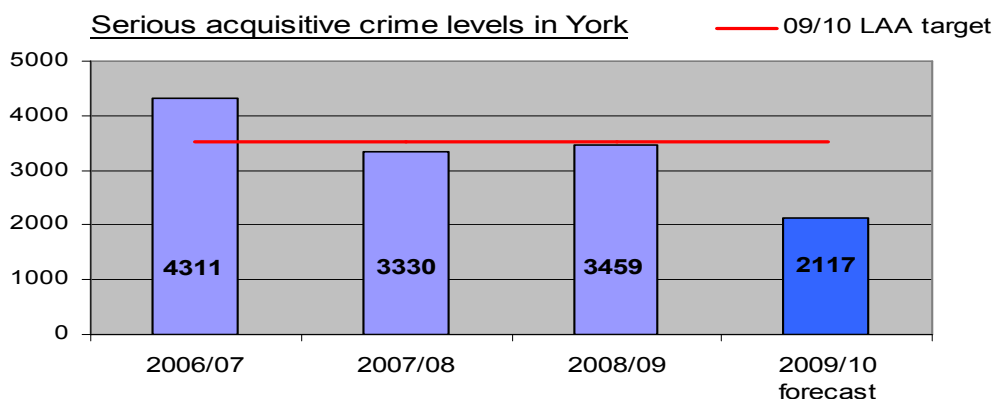
- 15 A number of education and enforcement initiatives and close working with police appears to have reduced the level of graffiti. However, this indicator is sensitive to a small number of people being able to cause significant damage in a short time period. The level of fly-tipping in 2009-10 has reduced by nearly 40% - with fewer large fly-tips (lorries etc) having to be removed. Four prosecutions have been achieved so far this year, and a significant amount of publicity work is having a positive impact.
- 16 The final winter survey will be undertaken in February/March 2010 and in previous years this has proved the worst survey result, largely due to weather impact on operations and detritus levels. The long cold spell has caused some interruption to cleansing operations, but Neighbourhood Services are still predicted that all the NPI 195 targets will be met.
- 17 The street cleanliness improvements reported in the first 2 surveys have had a positive impact on the % of residents satisfied with their local area/neighbourhood (up to 86% from 81% in 2008-09). This also mirrors the last Place Survey result, which places York high into the top quartile of unitary authorities. Satisfaction with cleanliness standards in local neighbourhoods also continues to increase for the 5th year running (see graph below).

### Perceptions of local cleanliness



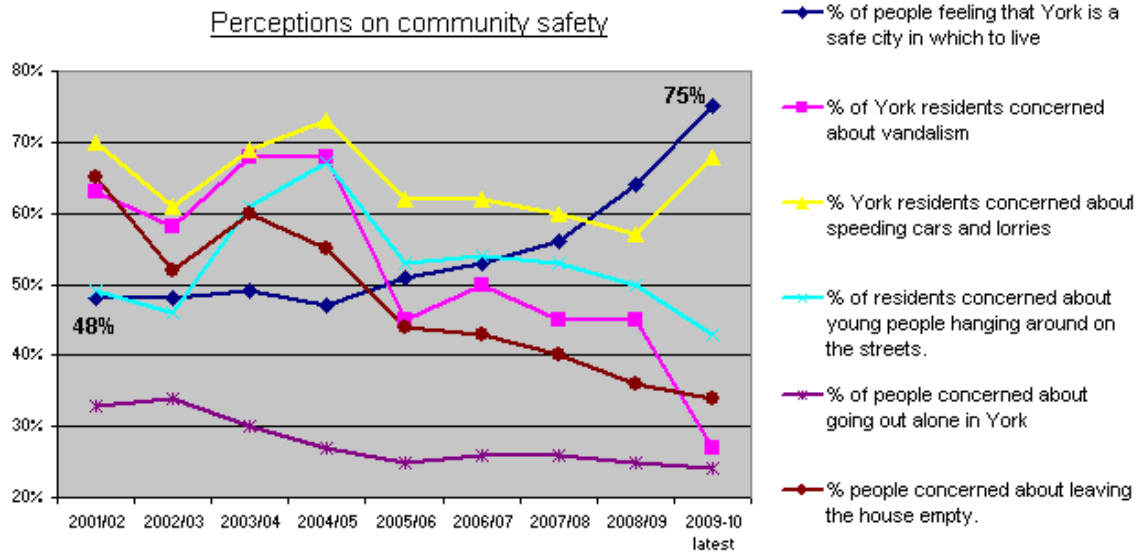
### Community Safety

- 18 *NPIs 15 & 16: Serious Violent and Serious Acquisitive Crime (LAA indicator)*. The number of 'serious violent crime' incidents in York is forecast to reduce by 10% in 2009-10, with just 6 incidents reported in December 2009. There has also been a reduction in the 'assault with injury' crime rate between September and November 2009, leading to a forecast 2% decline on the 2008-09 rate.
- 19 Serious acquisitive crime represents a number of different crime incidents, including burglary and theft from a vehicle. Trend data from April to December 2009 shows a significant reduction in incidents across York, leading to a forecast 39% decrease on 2008-09 levels. This is also an LAA indicator and if the trend continues, York would exceed the 2009-10 and 2010-11 LAA targets.



- 20 *NPI 19: Rate of proven re-offending by young offenders aged 10 to 17*. York's rate is based on the number of young people in the youth offending cohort, who re-offend. This currently stands at 0.63 for quarter 2 (compared to 1.63 reported in 2008-09). Other similar youth offending indicators show reductions in the seriousness and frequency of re-offending by around 35-40% of the cohort that is dealt with by York's Youth Offending Team (YOT). Historically York is usually very high compared with the statistical family and regional authorities, particularly for the majority of young people that are not YOT supervised. The 2008 cohort trend looks good but 2009 cohort has a higher risk profile (e.g. there is more risk of re-offending). However, evidence suggests that re-offending by the few most prolific offenders has halved recently in York.
- 21 *Crime and the fear of crime*: Community safety data to the end of December suggests that York is likely to see a 19% reduction in overall recorded crime (forecasting 7952 compared to 9906 in 2008/9). In this year's CAA result, the Audit Commission highlighted a very positive direction of travel for York in terms of community safety, with 5 Place Survey indicators on Community Safety being in the top quartile. The first Talkabout results for

2009-10 suggest that this trend is improving even further, with significant improvements in residents who feel York is a safe place to live (up to 75% from 64% in 2008-09) and residents who are concerned about vandalism (down to 27% from 45% in 2008-09, lower is better). However, resident concern has risen in relation to speeding cars and lorries.

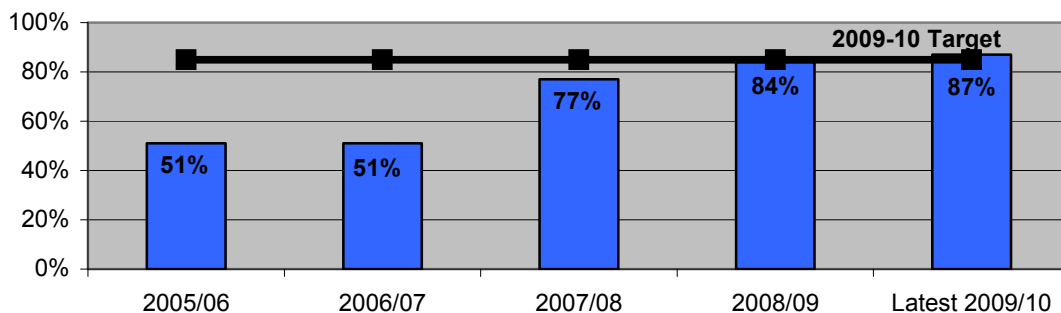


### Culture

22 **NPI 8: % of adult participation in sport (16+) 30 mins 3 times a week or more (LAA indicator).** The 2009-10 survey results show an improvement at 22.9% compared to the 19.2% achieved in 2008-09. Whilst it is difficult to show conclusive trends from this data and the figure remains low, it is encouraging that long-term work to encourage physical activity for adults in York has shown a gradual rise in this years data. However, although participation has improved and York is above average compared to other unitary authorities (using 2008-09 quartiles), the 2009-10 target of 27.9% will not be met.

23 **NPI 57: % of children and young people participating in at least 2 hours of high quality PE in school (LAA indicator).** The annual school sports survey carried out in November 2009 shows an increase in participation from 84% in 2007-08 to 87% in 2008-09.

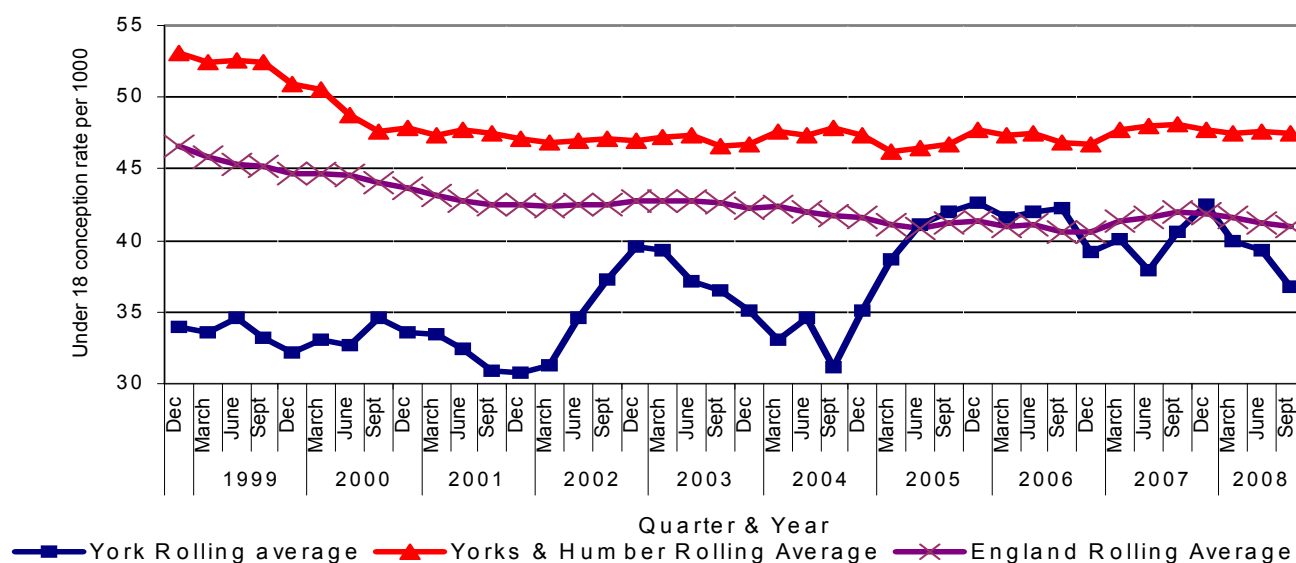
NPI57: Children & Young People taking 2 hours of quality PE each week



### Children's Health & well-being

24 **NPI 112: Under 18 conception rate - difference from 1998 baseline (LAA indicator).** The latest data suggests a decrease in the first three quarters of 2008 to a quarterly rate of 31.2 per 1000 population. The chart below shows the progress made since 1998 against the region and nationally. It shows York to be consistently lower than the region and has recently improved to below the national average. Although the target percentage difference may not be met, York has its lowest quarterly rolling average since 2004.

### U18 Conception rates in York (per 1000 population)



- 25 *NPI 55 & 56: Obesity in reception year and year 6 children (LAA indicator).* The number of York's reception year children who are obese shows an 18% improvement from last year, with 6.67% reported in 2009-10 compared to 8.16% in 2008-09 (below the 2009-10 target of 8.5%). The rise in the number of obese year 6 children (NPI 56) has halted in 2009-10, with a 0.1% rise (now 16.7%) compared to the 1% rise which took place between 2007-08 and 2008-09. This is however, still well short of the 2009-10 LAA target of 15.4%, but is encouraging given the national trend.
- 26 *NPI 116: The proportion of York's children who are living in poverty (LAA indicator).* This indicator measures the difference between York's results and that recorded for the England average. York has now set improvement targets up to 2011 to widen the gap to 8.1% and the latest 2008 data set out in the table below shows an improving picture, with York widening the gap to 7.2% in 2008. However, until it is known what impact the recession has had on the 2009 and 2010 results, it will be difficult to determine whether the 2011 target is achievable.

#### Proportion of children in families in receipt of out of work benefits

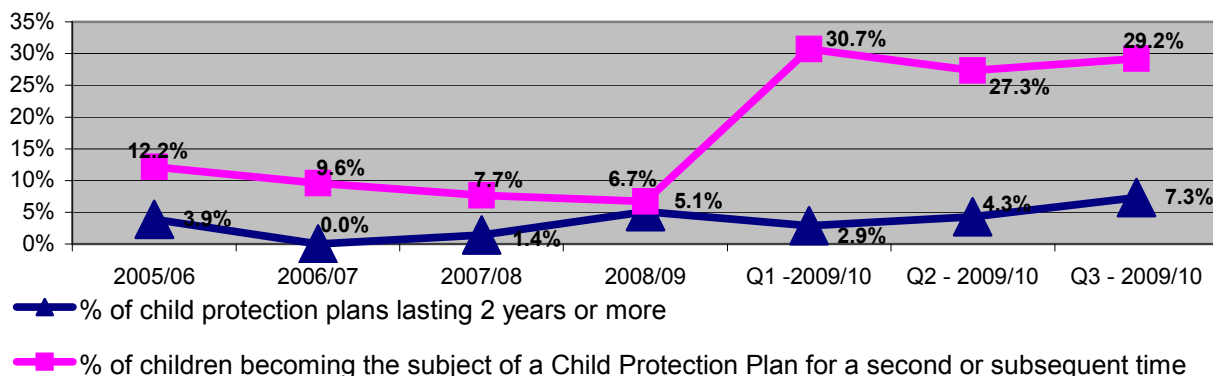
	2004	2005	2006	2007	2008
England	21.0%	20.6%	20.0%	19.8%	19.2%
Yorkshire and The Humber	21.7%	21.0%	20.2%	19.9%	19.4%
Barnsley	28.0%	26.8%	25.2%	24.2%	23.6%
Doncaster	25.1%	24.2%	23.4%	22.7%	22.1%
North East Lincolnshire	24.2%	24.6%	24.4%	24.9%	24.8%
North Lincolnshire	19.3%	18.7%	18.3%	18.3%	18.3%
York	14.4%	14.1%	13.2%	12.9%	12.0%
Gap	g=6.6%	g=6.5%	g = 6.8%	g=6.9%	g=7.2%

#### Child Social Care (Note: small cohorts for some child social care indicators can distort results.)

- 27 *NPI 64: % of child protection plans lasting 2 years or more.* Good progress is being made in sustaining and ensuring targeted child protection plans are in place. However performance is 7.3% (7 of 96 cases) against a target of 2.5%, which can be attributed to one sibling group.
- 28 *NPI 65: % of children becoming the subject of a Child Protection Plan for a second or subsequent time.* Current performance is well above the target of 7.5% at 29.2% (26 of 89

cases) and again, this significant change can be attributed to two sibling groups. However, an internal service audit of decision making on the specific cases in this cohort reveals good practice in ensuring children are protected appropriately.

Child Protection Plan Indicators (NPI 64 & 65)



29 **NPI 68: % of referral rates to children social care services (initial assessment).** At quarter 3 performance has improved to 56.2%, compared to 43.5% at quarter 2. This is partly a result of short-term resource allocation and it is hoped that improvements will be seen via the integrated working arrangements in 2010-11. This indicator is also being affected by the continuing high LAC numbers of referral rates and it will not meet its target of 68%.

Looked After Children (LAC)

30 The number of looked after children in York continues to rise but related indicators are still showing impressive results. This includes school attendance, where only 8 of the 109 eligible children have missed 25+ days of school (7.3%), a significant improvement from the 21.1% recorded 2 years ago. The table below shows the rise in looked after children against the council’s associated budget. The overall cost per child includes those children who are placed in residential school or outside foster placements, which this year accounts for 10% of the cohort. The predicted cost per child for these children will be £50,721 on average.

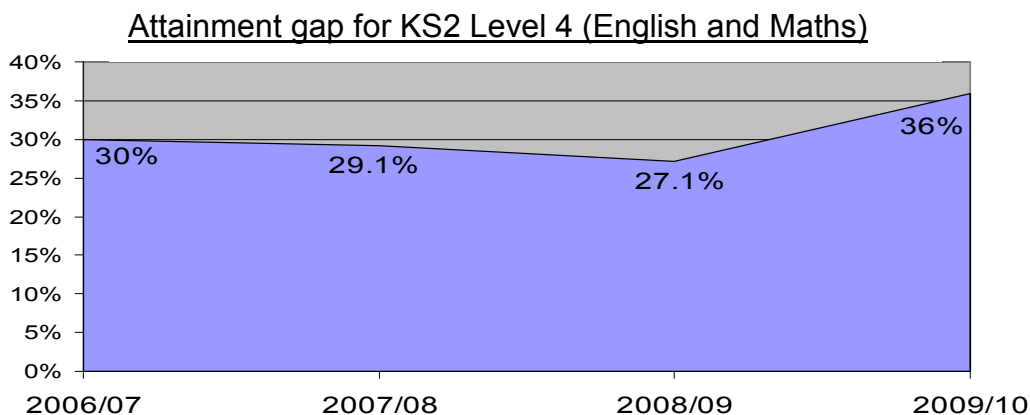
Year	No. of LAC	% Increase	Budget (actual or predicted outturn)	Overall Cost per Child
2006/07	157	12%	£2,998,715	£19,100
2007-08	168	7%	£3,345,742	£19,915
2008-09	199	18%	£3,833,682	£19,265
Q1 2009-10	213	13%	£4,441,305	£19,827
Q2 2009-10	219			
Q3 2009-10	223			
Q4 2009-10 (Estimate)	224			

Narrowing the attainment gap

31 The overall picture on narrowing the attainment gap is mixed. The educational performance of looked after children (LAC) at key stage 2 (KS2) is good although the cohort is small. The outcomes achieved at KS4 are more mixed but again of the 12 eligible children, although 5 of the cohort have special educational needs, 7 succeeded in achieving a pass at GSCE or equivalent.



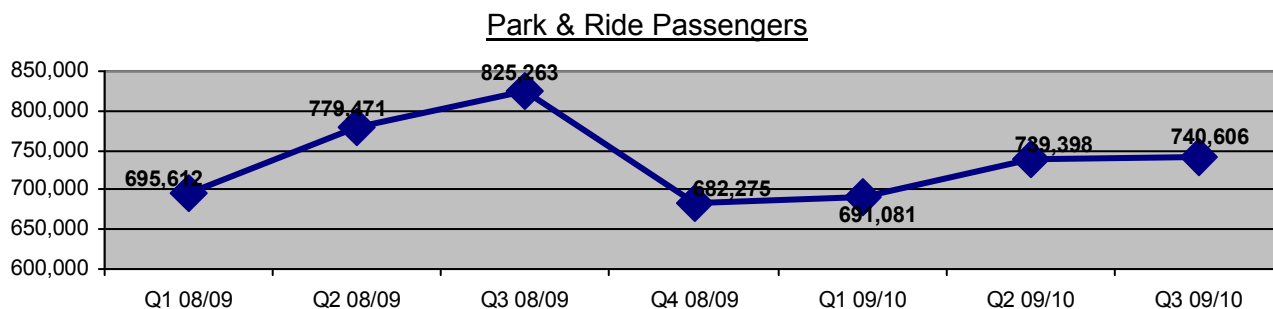
- 32 In terms of the attainment gap for children on free school meals (FSM) compared to those who are not (NPI 102 – LAA indicator), KS2 shows an increase in the gap due to the poor English results.



- 33 KS4 analysis now shows a reduction in the gap of 2% from previous year, which is welcomed particularly given that York achieved its best ever 'overall' results at KS4, which makes a gap reduction harder to achieve. Whilst the reduction target will not be achieved in 2009-10, the % of 5+A\*-C including English and Maths results for the FSM group has increased from 21.7% in 2008 to 30% in 2009 compared to an increase of 56% to 62% for the non-FSM group. In addition, the educational outcomes achieved by children from a minority ethnic group are also encouraging although care should be taken given the size of these cohorts. 76% of the 33 children achieved 5+A-Cs including English and Maths, which places York in the top 10 nationally.

### Transport

- 34 *Park & Ride Passengers*: The number of Park and Ride passenger journeys between October and December 2009 has fallen by 10% compared to the same period in 2008. Residents and visitors to York are being encouraged to use the bus through a range of initiatives. These include York's first 'Car Free Day' in September when two of the city's major bus operators were offering free day passes on their services. The council is also gradually rolling out the 'Your next bus' initiative, providing SMS text, real time bus information to mobile phone users.



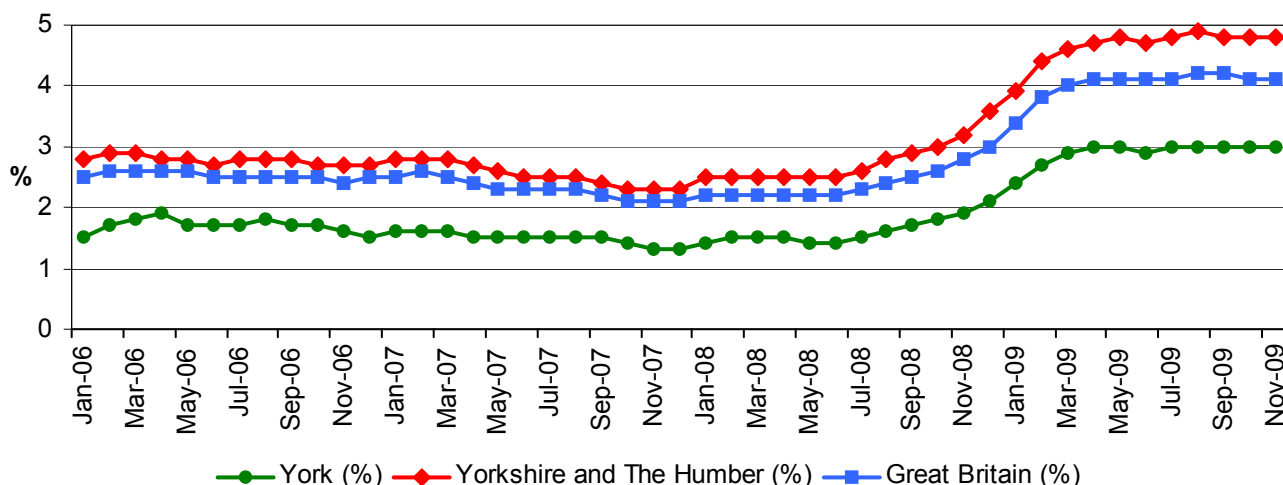
*Note: It is not possible to compare to previous park and ride figures due to a change in the way the numbers are counted. There are also seasonal variations.*

- 35 *NPI 47: People killed or seriously injured in road traffic accidents (LAA indicator)*. The number of incidents for April to December 2009 currently stands at 37. This is significantly lower than the same time period in 2008. A range of successful initiatives have been introduced over the past year, including the 'Made you Look' campaign, which was launched in 2008. If this trend continues performance will be well below the 2009-10 LAA target of 87 incidents.

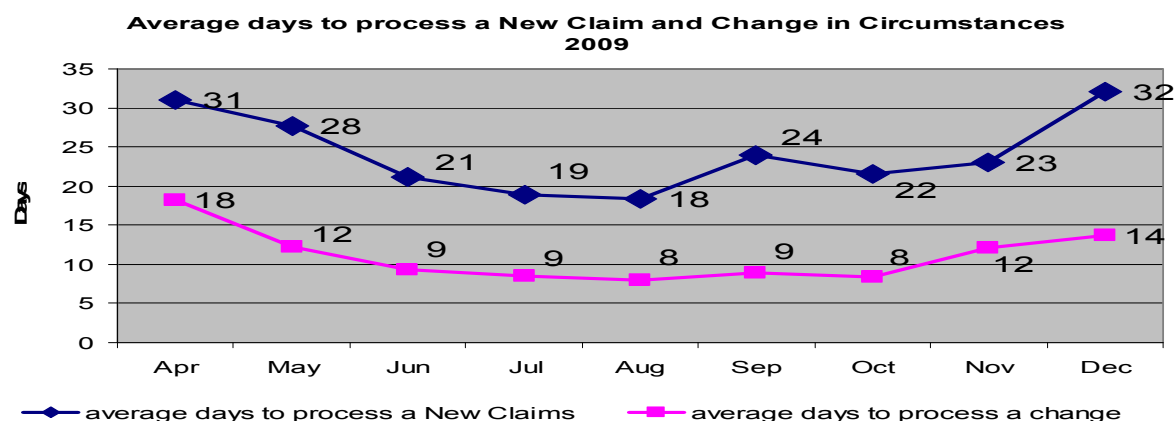
Economy

36 *VJ15a&b: York's unemployment rate (12 month rolling average)*. York is currently 2.5% below the regional and 1.6% below the national average. Despite the economic climate, the gap has widened from the same period last year and the current (unverified) monthly figures show the gap to be even higher. The graph below also shows that York is performing better than the Yorkshire and Humber Region and Great Britain. However the Yorkshire average did come down slightly in September.

% of people claiming job seekers allowance



37 *NPI 181: Speed of processing benefits claims*. The average time for processing benefits currently stands at 16 days, which is a significant achievement following the implementation of the new CRM-based system in November 2009. Although the average time to process new claims increased to 32 days in December, the forecast of 15 days still remains achievable by year end, This is the highest so far this year and 9 days higher than the November average, however this is directly attributable to the implementation of the new system. . Early indications are that new claims have continued to rise in January, but controlled measures have brought performance back to an improving position.

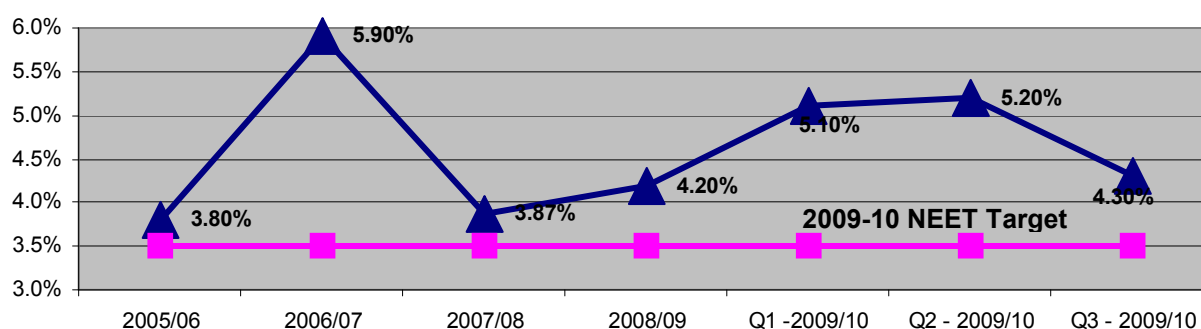


38 *Benefits Customer Survey*: This survey was conducted in September 2009, with 1400 people surveyed and 461 (33%) responses. A number of areas for improvement were identified, for example; the claim form, understanding entitlement letters, and contact issues. The level of the response to these will be shaped by a number of Customer Focus Groups taking place from February. Below are the key headline results from the survey:

- Overall satisfaction with the Benefits Service has increased from 65% in 2006-07 to 74% in 2009.
- Overall satisfaction with the ways in which customers can contact the benefits service has increased from 68% in 2006-07 to 81% in the latest survey.
- Customers are now more likely to agree that the opening hours of the benefits office are convenient, with 76% saying this in 2009 compared to 41% in 2006-07.
- Overall customer satisfaction with the experience of the benefits office has increased by 6% in 2009 (78%) and over three-quarters (77%) of respondents were satisfied with the telephone service provided by their benefits office.

39 *NPI 117: NEETs - % of 16-18 year old not in education, employment or training (LAA indicator)*. Current figures for December show a reduction to 4.3% (311 young people). This is expected to drop before the end of the year, but it is unlikely that the 2009-10 LAA target of 3.5% will be achieved. 90% of young people leaving year 11 will continue in post-16 education due to a lack of employment and apprenticeship training options. There's still high demand for pre-level 2 training and specialist courses are being run in partnership with York College. It is worth noting that although the target might not be achieved York remains in the top 10% of all authorities.

% of 16-18 year olds who are not in education, employment or training (NEET)



### Corporate Health

Corporate health performance area	Latest 2009-10	Improving since last year?
Average days sickness per FTE	6.48 days *	No (6.50 Apr-Dec last year)
H&S: Major injuries to employees	6	Increase (5 Apr-Dec last year )
H&S: Minor injuries to employees	29	Reduction (37 Apr-Dec last year)
H&S: Injuries to non-employees	12	Reduction (23 Apr-Dec last year )

\* CMT note: This table and the paras below will be updated before Exec despatch as Customer First statistics are nearly ready for Apr-Dec.

- 40 Overall staff sickness levels are now running at a similar level to last year (6.48 days per FTE, compared to 6.5 days for the same period last year). There has been an improvement in sickness levels across all directorates with the exception of LCCS and HASS, however at 7.96 days per FTE, HASS levels are still 29% lower than 3 years ago. The current trend indicates that the council is on track to achieve 9 days per FTE, which would be above the 2009-10 target of 8.6 days, but would still improve slightly on 2008-09. If achieved, this would place York in the 3<sup>rd</sup> quartile against 'all authorities' in the PWC benchmarking club.
- 41 Health and Safety reported incidents are showing mixed results for the first 9 months of 2009-10. There has been a continued decline in 'minor' and 'public' incidents compared to

the same period last year (down 21% and 48% respectively). However, the number of major incidents has increased by 1 on the same period last year, with 2 incidents occurring in LCCS and 1 in Neighbourhood Services in November/December.

## Finance - Overview

- 42 The General Fund budget for 2009-10 is currently £117,805k, with utilisation of balances and reserves reducing the call on Council Tax to £113,536k. Current projections indicate that financial pressures facing the council, as outlined in paragraph 43, amount to £3,580k. Progress against in year savings targets identified at Monitor 2, and outlined in paragraph 45, reduce this by £1,247k to the reported forecasted pressure of £2,333k.
- 43 An overview of the current position is summarised on a directorate by directorate basis in the table below. The key areas of change from the previous report are:
- HASS – an increased pressure of £874k, which is attributable to meeting the continued rapid rise in demand for adult social care across the city.
  - City Strategy – an increased pressure of £341k which is attributable to the receipt of a lower than anticipated Housing & Planning Delivery Grant and reduced income from car parking due to the recent adverse weather conditions.
  - Neighbourhood Services – an increased pressure of £67k which is due to a reduced forecast in income from commercial waste.
  - Property Services – an increased pressure of £57k due to increased pressure from the economic downturn on the council's commercial portfolio.
  - Other Central Budgets – an increased pressure of £420k due to the exceptional costs of winter maintenance following the recent adverse weather conditions.

Current 2009/10 Net Budget	Directorate	Monitor 2 Variance	Current Variance	Movement
£'000		£'000	£'000	£'000
4,908	Chief Executive's	+85	+123	+38
8,681	City Strategy	+239	+580	+341
43,381	HASS	+1,105	+1,979	+874
43,278	LCCS	+1,727	+1,711	-16
31,239	Neighbourhood Services	+292	+359	+67
295	Property Services	+352	+409	+57
3,522	Resources	-406	-449	-43
400	Credit Crunch Budget to be Allocated	-900	-900	-
<b>135,704</b>	<b>PORTFOLIO BUDGETS</b>	<b>+2,494</b>	<b>+3,812</b>	<b>+1,318</b>
-22,975	Asset Rental Adjustments	-	-	-
-3,844	Other Central Budgets	-722	-302	+420
8,561	Treasury Management	+429	+429	-
359	General Contingency	-359	-359	-
<b>117,805</b>	<b>GROSS BUDGET</b>	<b>+1,842</b>	<b>+3,580</b>	<b>+1,738</b>
-	Less: Savings Since Monitor 2	-	-1,247	-1,247
<b>117,805</b>	<b>GROSS BUDGET</b>	<b>+1,842</b>	<b>+2,333</b>	<b>+491</b>

- 44 The figures in the table assume that the £400k credit crunch budget and the remaining £359k general contingency will not be allocated resulting in a saving to mitigate against the forecast pressures elsewhere. This position also prudently assumes that the council will receive a sum of £750k as a result of the Conde-Nast and Fleming VAT refund cases, a £500k release from the Insurance Fund reserve and the approval of a £100k change in the funding of the capital programme (see paragraph 67).

- 45 The Monitor 2 report outlined a strategy, based on each directorate finding savings equating to 1.5% of their net budgets, which was designed to reduce the council's overspend and ensure a balanced position by the end of the financial year. In summary, directorates have identified £1,247k of savings, including freezes on recruitment to non frontline posts, against a target of £1,899k. Progress against these targets is outlined in the table below.

	<b>Saving Target from Monitor 2</b>	<b>Progress Against Target</b>	<b>Variance</b>
<b>Directorate</b>	£000's	£000's	£000's
City Strategy	-126	-250	-124
HASS	-601	-216	+385
LCCS	-580	-295	+285
Neighbourhood Services	-460	-330	+130
Property Services	-76	-100	-24
Resources	-56	-56	-
<b>Total</b>	<b>-1,899</b>	<b>-1,247</b>	<b>+652</b>

- 46 The table below summarises the information provided in paragraphs 43 and 45 to show the overall reported financial position of a £2,333k overspend for Monitor 3.

	<b>£000's</b>
Reported Financial Pressures	3,580
Less: Progress Against Monitor 2 Savings Targets	<u>-1,247</u>
Revised Overspend Position	2,333

- 47 It is clear that whilst significant progress has been made against the targets set at Monitor 2, exceptional pressures in services areas arising since that report have acted to worsen the council's financial position by £491k, a movement from £1,842k to £2,333k.
- 48 Many of the pressures that are causing the current financial position will be addressed as part of the 2010-11 Revenue Budget, due for approval at Council on 25 February 2010. However, it should be noted that any overspend in this financial year will reduce the overall level of the council's revenue reserves and should the current level of spend continue it will take the council below its recommended minimum threshold. This also presents implications on future years to rebuild the reserves back up to a level that would allow the council to deal with any unforeseen exceptional one off circumstances.

## **General Fund**

- 49 The following sections provide further information on the current pressures each directorate is facing, as outlined in the main budget table in paragraph 43.

### Chief Executives

- 50 The Chief Executive's department, excluding Property Services, is forecasting an overspend of £123k, an increase of £38k from Monitor 2. This increase is primarily due to the provision of additional legal work related to social care. Existing overspends related to the Print Unit and the sponsorship of boundary signs are offset by savings from Member Allowances resulting from the revised political structure implemented earlier in the year.

### City Strategy

- 51 It is currently forecasted that City Strategy will have an overspend of £580k, an increase of £341k from Monitor 2. To mitigate this position, the directorate has identified £250k in savings against the target it was allocated in that report. Services in the directorate are still experiencing income shortfalls related to the economic climate including planning with applications down 20% this year (£500k), parking income (£244k), building control (£100k) and a reduced Yorwaste dividend (£130k). Furthermore, the council has received £338k less than anticipated for the Housing & Planning Delivery Grant.
- 52 Concessionary Fares is also representing a significant pressure of £417k, linked to an increased demand for fares and tokens, however this is offset by a forecasted in-year reduction in related costs of £204k resulting from the Concessionary Fare Partnership reducing the council's rate used to reimburse bus operators from November 2009.
- 53 The directorate had already identified a number of areas to reduce its overspend by £596k including vacancy management measures (£324k) and cash limiting other budgets (£170k). A further £250k in savings has been identified since Monitor 2 linked to the funding of Highways activity.

#### Housing and Adult Social Services

- 54 Housing and Adult Social Services are forecasting an overspend of £1,979k, which represents an increase of £874k from Monitor 2, however the department has identified savings of £216k since that report which reduces the overall position to an overspend of £1,703k.
- 55 The underlying cause of the overspend reported previously still exists, namely the dramatic rise in demand across all areas of adult social care, which is resulting in increased Direct Payment take up (£883k), costs related to Home Care (£519k), Mental Health placements (£254k), residential and nursing placements (£231k) and rising costs at Elderly Persons Homes (£158k). Furthermore, within the overall figure, Housing General Fund is now projecting an overspend of £60k which is primarily due to increased utilities and repairs costs at Travellers sites.
- 56 The directorate had already identified in year savings of £606k to address the overspend prior to Monitor 2 and has since identified a further £216k, which includes vacancy management measures and redirection of grants.

#### Learning, Culture & Children's Services

- 57 Learning, Culture and Children's Services is currently projecting an underlying overspend of £1,711k, which represents a reduction of £16k since Monitor 2. The directorate has identified a further £295k against the savings target it was set at Monitor 2 reducing the overspend to £1,416k overall.
- 58 York's Looked After Children (LAC) population continues to grow and currently stands at 224. This has increased by 35% since March 2008 and is the main contributory factor to the numerous overspends across the statutory children's social care budgets totalling £1,435k. This position has been mitigated in part by the continuing expansion of the local fostering programme, which is reducing the proportion of LAC placed in more expensive out of city placements.
- 59 In addition to this, the following areas are contributing to the current overspend:
- i) Home to School transport pressures primarily due to increased SEN taxi costs and the increased LAC population (£366k).

- ii) Pay pressures related to the increased entitlement for additional allowance payments following the implementation of the new pay and grading system (£322k).
- iii) A shortfall of income in the Library Service (£228k).
- iv) Cost pressures in Sport & Active Leisure linked to reduced income at Edmond Wilson pool and energy costs at Yearsley Pool (£135k).

60 The overspend position is mitigated in part by an underspend of £320k due to the staffing structures supporting the new Integrated Children's Centres not yet being fully recruited to.

61 Action has also been taken throughout the year which has yielded £631k of in-year savings, including £295k since the previous report. These actions include vacancy management measures and the reprioritisation of grant funding and expenditure.

#### Property Services

62 Property Services is projecting an overspend of £409k, which is an increase of £57k from Monitor 2. Progress against the savings target allocated in that report reduces this figure by £100k to an overall overspend of £309k. The main cost pressures faced by the service are linked to the commercial portfolio including not receiving wayleave income at Harewood Whin (£150k) and lost rental income due to the sale of property at Patrick Pool (£32k). There are also increased costs associated with maintaining surplus assets in the depressed property market such Parkside and Manor school (£128k), as well as increased repairs and maintenance costs on the council's administrative buildings (£42k).

#### Neighbourhood Services

63 The latest projection for Neighbourhood Services is an overspend of £359k, which represents a deterioration of £67k from Monitor 2, however the directorate has identified £330k of savings against its target from that report reducing the overall overspend to £29k. Cost pressures identified in earlier reports still remain, namely Landfill Tax costs (£200k), Commercial Waste income (£161k) and increased security costs at Towthorpe HWRC (£75k). Further pressures have been identified including a reduction in income from penalty charge notices (£105k).

64 Prior to Monitor 2, the directorate had already identified a projected £200k in year saving linked to extending transport leases and £98k in vacancy management controls. Savings identified since Monitor 2 are predominantly linked to a review of Highways Maintenance activity.

#### Resources

65 Resources is projecting an underspend of £449k which represents an increase of £43k from the previous report. The directorate has also met its saving target of £56k allocated at Monitor 2 resulting in an overall underspend of £505k. This position has been made possible by the identification of in year mitigating savings, namely delaying the implementation costs of major IT projects until 2010-11 (£185k) and the increased performance of the Benefits function (£213k). The Monitor 2 savings target has been achieved via increased vacancy management controls.

#### Central Budgets

66 Treasury Management activity is predicted to overspend by £429k which is a reduction of £100k from Monitor 2. The market conditions that are the underlying cause of the overspend remain, namely lower interest rates than expected on investments. In order to mitigate the overspend by £100k from that reported at Monitor 2, there has been a change in the way that part of the capital programme is to be funded, from a direct

revenue contribution in LCCS to Prudential Borrowing, thereby reducing the overall overspend in Treasury Management. In accordance with Financial Regulations, approval is requested for a virement of £124k from LCCS to Treasury Management, this being the total amount of the LCCS Revenue Contribution plus financing costs.

- 67 Other central budgets also has an increased pressure of £420k related to the exceptional cost of winter maintenance following the recent adverse weather conditions.

## Non General Fund

### Dedicated Schools Grant

- 68 In the Dedicated School Grant (DSG) area there is a projected overspend of £446k against a budget of £87,865k. 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. Following the convention used in previous years, the overspend would reduce the level of DSG funding available in 2010-11.

### Housing Revenue Account (HRA)

- 69 The budgeted balance on the HRA is estimated to be £8,111k and the latest forecast identifies an overspend of £318k, leaving a projected working balance of £7,793k. The main area cost pressure remains the Housing Repairs Partnership which is forecasting an overspend of £518k. The More For York programme is progressing with the Housing blueprint and should start to deliver efficiencies during 2010-11 to bring the partnership spend back towards the approved budget.

## Reserves

- 70 The table below shows a summary of the council's revenue reserves. It is currently projected that the balance of these reserves will be £4,160k at 31 March 2010 including the projected overspend summarised in paragraph 46. The 2009-10 budget process recommended a minimum threshold for revenue reserves of approximately £5,500k and the figures outlined show a projected deficit of £1,340k below this.

	<b>£000</b>
<b>General Fund Reserve</b>	
Balance at 1 April 2009	10,012
<b>Less:</b> Committed As Part of 2009/10 Budget	(3,697)
Carry Forward Underspend from 2008/09	(472)
Supplementary Releases	(100)
<b>Revised General Fund Reserve</b>	<u>5,743</u>
<b>Add:</b> Committed Transfers into the Reserve	<u>750</u>
	750
<b>Less:</b> Current Forecast Overspend on General Fund	(2,333)
<b>Expected General Fund Reserve as at 31 March 2010</b>	4,160

- 71 This re-enforces the requirement for continued action to reduce the current forecasted overspend, as should the current level of spend continue it would take the council well below the recommended minimum threshold for revenue reserves. This will have implications on next year's Council Tax levels both to contain the expenditure and also to re-build the reserve to a level that would allow the council to deal with any exceptional one off cost pressures.

### Update on risk management linked to performance



72 Since the last performance monitor work has been undertaken across the council with the relevant risk owners to identify the high and critical risks in relation to the revised corporate risk areas and corporate priorities as reported in last quarter's monitor. Some of the high and critical risks most relevant to performance in this report include:

- Responding to the demands of an ageing population
- Increasing social care costs
- Effects of the Economic Downturn.

Taking into account the implications of this report the corporate risks will be reassessed and the controls and actions to manage them will be reported in detail to both CMT and Audit & Governance Committee in the next corporate risk monitor.

### Options

73 The Director of Resources has certain statutory powers to ensure the council's financial management is conducted properly. At present the current strategy is to seek for each Director to take appropriate corrective action in their own areas, with a view to minimising expenditure. A further set of actions have been introduced to address the current budget position as much as possible, including a freeze on non essential travel, equipment purchases and other areas of discretionary expenditure. These actions will be monitored weekly by CMT and through discussion with Executive Members to ensure that expenditure is brought back in line with the budget by the end of the financial year.

### Analysis

74 The analysis of service performance, progress on key actions and the financial position of the council is included in the body of the report.

### Consultation

75 A number of performance and financial management meetings and forums have taken place at DMTs and CMT to review performance and delivery, which have helped to inform this report.

### Corporate priorities

76 The information and issues included in this report are designed to demonstrate progress on achieving the priorities set out in the council's corporate strategy (2009-12). It also provides evidence of CMT and the Executive working together to drive forward prioritised improvement and address performance, delivery or financial issues of corporate concern.

77 The table below shows summary progress on the 54 milestone actions set out in the 2009/12 Corporate Strategy. 42 (78%) of the milestone actions are on track to meet agreed deadlines, or have been completed.

	Number	Completed	On track	Not on track	Not expected to complete in 09-10
City of Culture	5	1 (20%)	3 (60%)	1 (20%)	1
Healthy City	5	1 (20%)	2 (40%)	2 (40%)	
Learning City	5	1 (20%)	3 (40%)	1 (40%)	1
Sustainable City	10	1 (10%)	7 (70%)	2 (20%)	
Safer City	8	2 (25%)	4 (50%)	2 (25%)	1
Inclusive City	10	2 (20%)	7 (70%)	1 (10%)	
Thriving City	6	0 (0%)	4 (100%)	2 (0%)	

<b>Effective Organisation</b>	<b>5</b>	<b>3 (60%)</b>	<b>1 (20%)</b>	<b>1 (20%)</b>	
<b>Total</b>	<b>54</b>	<b>11 (20%)</b>	<b>31 (58%)</b>	<b>12 (22%)</b>	<b>3 (6%)</b>

78 Annex 1 provides members with details of the 12 milestone actions that are reporting slippage for quarter 3. Nine of the 12 actions expect to be completed before the end of March 2010.

## **Implications**

79 The implications are:

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

## **Risk Management**

80 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. As with any budget the key to mitigating risk is prompt monitoring of income and expenditure and appropriate management control. As such, regular updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

## **Recommendations**

81 Members are asked to:

a. Note the performance issues identified in this report.

*Reason: So that corrective action on these performance issues can be taken by members and directorates.*

b. Note the finance issues identified in this report, in particular:

- The significant pressures arising due to the economic recession and social care costs that are still evident across the council.
- The requirement for growth as part of the 2010-11 Revenue Budget to build sufficient financial capacity for such areas.
- The work already undertaken within directorates to contain financial pressures.
- That work continues to identify and implement options to contain spending within budget by the end of the financial year.

*Reason: So that the council's expenditure can be contained within budget, where possible, by the end of the financial year.*

c. In accordance with Financial Regulations, approval is requested for a virement of £124k from LCCS to Treasury Management.

*Reason: To enable appropriate financing of the councils capital programme.*

<b>Authors:</b>		<b>Chief Officer Responsible for the report:</b>			
Peter Lowe & Nigel Batey Performance & Business Assurance Team.		Ian Floyd, Director of Resources			
Andrew Crookham & Janet Lornie Corporate Finance		Report Approved	<i>tick</i>	Date	<i>Insert Date</i>
<b>Specialist Implications Officer(s)</b> - None					
<b>Wards Affected:</b> <i>None</i>				<b>All</b>	<i>tick</i>
<b>Annexes</b> Annex 1 – update on 12 corporate strategy milestone actions reporting slippage					
<b>For further information please contact the author of the report</b>					