
Effective Organisation & Overview Scrutiny 23 November 2010

Joint Report of the Director of CBSS and the Assistant Director for OCE

Quarter 2 Finance & Performance Monitor for 2010-11

Purpose

1. This report provides details of the headline performance issues from the Q2 performance monitor of 2010-11. This covers the period 1st April to 30th September 2010. However, more up-to-date data has been provided where it was available. The report covers:
 - a) *Finance* – service and corporate budget management.
 - b) *Performance* – how well the council is performing across a wide range of performance indicators, at both corporate and directorate level, including progress on priority actions and projects.

Background

2. In Q1 we reported that the Government announced plans to abolish CAA and that a review of the National Indicator Set (NIS) was being carried out across the council to check which might be retained. Since then, the government have announced further changes to support a move away from the existing top-down Local Performance Framework. This includes:
 - removing the statutory requirement to produce Local Area Agreements (LAAs) and notification that Performance Reward Grants for achieving LAA targets will now not be paid.
 - removing the NIS and replacing it with a single list of ‘performance data’ which local authorities will be expected to provide to central government. The new list is currently being developed in consultation with all councils and is expected to be implemented in April 2011.
3. The new arrangements will place much more emphasis on local authorities to be democratically accountable to local people rather than to central bureaucratic systems. To help do this, councils are being encouraged to make their performance data accessible to citizens in a way that will support more understanding and engagement. The council’s performance management framework is being reviewed to take advantage of these new arrangements and to help move towards a city-wide business intelligence approach that supports efficiency & transformation, as well as more localised performance data. A report on this will be presented to Executive in January and the new framework will be in place by April 2011.
4. Given these changes, this Q2 report covers priority areas of improvement areas & delivery which are meaningful to local people. Full details on quarter 2 performance across all indicators have been included in Executive Member profiles, which will be available on the council’s intranet in mid November.

Summary

- There have been some significant achievements over the first 6 months of 2010-11, with good improvements in the number of residents helped to live independently; the speed of child social care assessments; educational attainment in core subjects; waste management; an increase in affordable housing, and a significant reduction in child obesity levels across the city. The number of people in York who are unemployed, homeless and young people not in employment, education or training also continues to buck national trends and shows the city is weathering the recession well.
- The council is forecasting pressures of £3,072k at the mid year point, which represents an improvement of £970k from the Monitor 1 report.
- This position is inclusive of £2,287k of in-year grant funding cuts from Central Government.
- Directorates are actively working to reduce the reported pressures and this report outlines a strategy that will ensure the council spends within budget by the end of the financial year.

Performance

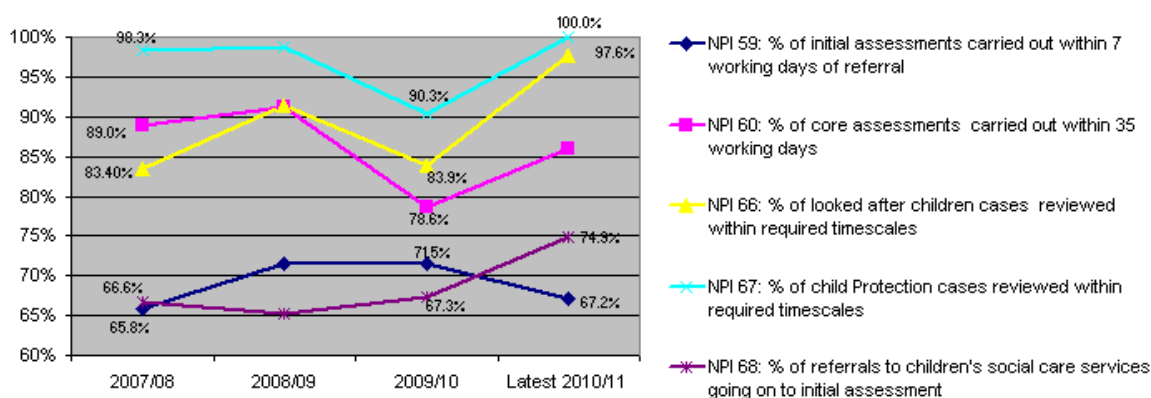
Adult Social Care

- 5 The number of social care clients helped to live independently as a result of receiving a personal budget or self directed support has increased significantly over the first 6 months of this year, with 875 (13.3%) now receiving self directed support payments compared to 553 (8.54%) for the same period last year. As a result, ACE expect to exceed last year's performance of 14.4% and to hit the 2010-11 target of 30.5%. This will also have a positive affect on the overall number of people in York who are supported to live independently.

Child Social Care

- 6 Performance has improved for 4 of the 5 key child social care referral and assessment indicators in Q2 (see graph below). The implementation of a Common Assessment Framework, lead practioner activity and integrated 'Front Door' arrangements through More for York, should lead to improved results for initial assessments carried out within 7 days of referral. Review rates of the looked after children cases and the child protection cases are now performing extremely well, at 97.6% and 100% and demonstrate major improvement since last year. Similarly core assessments and the % of referrals going on to initial assessment have both increased by around 8%.

Child Social Care Assessments



Child Obesity

- 7 Latest data on child obesity in York indicates that we have exceeded the government's 2010-11 target by 3%, with the % of reception children and Year 6 children recorded as obese, reducing significantly on the previous year. Provisional results indicating a 1.2 and 2.8 % point reduction, placing York in the upper quartiles compared to other councils.

Indicator	2007-08	2008-09	2009-10	2010-11 Latest	2010-11 Target	Improving ?	On target ?
NPI 55: % of reception year children recorded as obese	8.4%	8.16%	6.7%	5.5%	8.5%	Yes	Yes
NPI 56: % of children in Year 6 recorded as being obese	15.6%	16.6%	16.7%	13.9%	15.4%	Yes	Yes

Healthy Children

- 8 One of the areas that may be contributing to child obesity improvements is the number young people in York's schools participating in at least 2 hours of high quality PE. This improved for the 3rd year in a row (now 92%) and York is now one of the top performing councils in the England, ranked 17th out of 132 councils.

Indicator	2007-08	2008-09	2009-10	2010-11	2010-11 Target
NPI57: Young people (aged 5-16) participating in at least 2 hours of high quality PE in school	77%	84%	87%	92%	86%

Education

- 9 There have been good improvements in York schools for the number of pupils progressing 2 levels in English & Maths between key stages 1 & 2, with both indicators now performing well in the top 20% of local authorities. Pupils achieving 2 or more A*-C grades in Science saw by far the biggest increase, with a 9% point increase on 2009-10, well in excess of the challenging 61% 2010-11 target (see table below). York High School, Canon Lee school, Manor school, Millthorpe school and Archbishop Holgate's School all saw excellent increases in their 5+A*-C results, which has helped to improve our ranking from 45th to 31st nationally. This was largely due to the impact of broadening the KS4 curriculum in many schools and the introduction of BTEC and diplomas.

Indicator	2007-08	2008-09	2009-10	2010-11 Latest	2010-11 Target	Improving ?	On target ?
NPI 84: % pupils achieving 2+ A*-C grades in Science GCSEs	56.5%	57%	58.9%	67.7%	61%	Yes	Yes
NPI 93: % pupils progressing 2 levels in English between KS1 & KS2	84.7%	84.5%	86%	87.7%	88%	Yes	Yes
NPI 94: % of pupils progressing 2 levels in Maths between KS1 & KS2	78.4%	80.7%	84%	87.1%	87%	Yes	Yes

Waste management

- 10 Forecasts based on Q2 indicate that recycling levels will increase by 1% this year and landfill levels will drop by nearly 2% (see table on next page). Extensive work to improve recycling will continue throughout this year, to build on the 3 box kerbside recycling containers already introduced to 67,000 households in the first 2 quarters (including 4,961 additional properties receiving the expanded recycling). Latest data suggests that there has already been a 2.7% increase in recycling rates, where additional kerbside boxes have been rolled out. Work is also continuing to expand full recycling and fortnightly residual waste collection to an additional 11,600 properties by the end of the year, which will then cover 98% of all York households. The average amount of waste collected per household continues to reduce and CANS predict we will achieve 590kgs for 2010-11, exceeding the very challenging 2010-11 target of 611kg, set 3 years ago.

This represents an 11% fall in domestic waste sent to landfill over the past 3 years (see table below).

Indicator	2008-09	2009-10	2010-11 Forecast	2010-11 Target	Improving ?	On target ?
NPI191 Household waste (per household)	629kg	614kg	590kg	611kg	Yes	Yes
NPI192 % household waste recycled	45.13%	43.26%	44.26%	48.1%	Yes	No
NPI193 % of municipal waste landfilled	55.14%	56.73%	54.93%	51.2%	Yes	No

Community Safety

- 11 York has experienced major reductions in crime over the past 4 years, with a 24% reduction in 2009-10. The number of 'serious acquisitive' crimes in York (includes various incidents such as burglary and theft from a vehicle) is expected to increase by 4% based on Q2 forecasts. However, this will still place incident levels 40% lower than 2 years ago. Serious violent crime incidents are down by 9%, whilst the assault with injury rate in York is forecast to increase by 9%, bringing incidents back to the same level as 2008-09. York is ranked 4th lowest in its 'most similar' local authority family group for assault with injury rates, which indicates that we are still performing comparatively well, despite the forecast increase. Work to tackle all types of violent crime in York continues through the Night-safe Task group and Operation Style. This partnership-led project was launched on Friday 4th June 2010 and is aimed at reducing disorder that occurs due to alcohol and drugs.

Indicator	2008-09	2009-10	2010-11 Forecast	2010-11 Target	Improving ?	On target ?
Total Crimes recorded in York	9906	7547	7940	10354	No	Yes
NPI15: No of serious violent crimes	151	123	112	136	Yes	Yes
NP16: No of serious acquisitive crimes	3459	1998	2086	3696	No	Yes
NPI20: Assault with injury crime rate	1239	1140	1246	956	No	No

Transport

- 12 There were 7.39m bus passenger journeys in York between April and September 2010 (excluding Park & Ride). This is slightly higher than the same period last year (see table below). Park & ride passengers increased in Q2 and the total for the first 6 months of this year is now on a level with the same period last year. This is despite the disruptions to the Grimston Bar site earlier in the year (which was affected by roadworks at Hopgrove roundabout and on Hull Road) and the ongoing reduction in passengers using the Rawcliffe Bar site as a result of the Aviva office on Shipton Road closing.

Bus passenger numbers in York

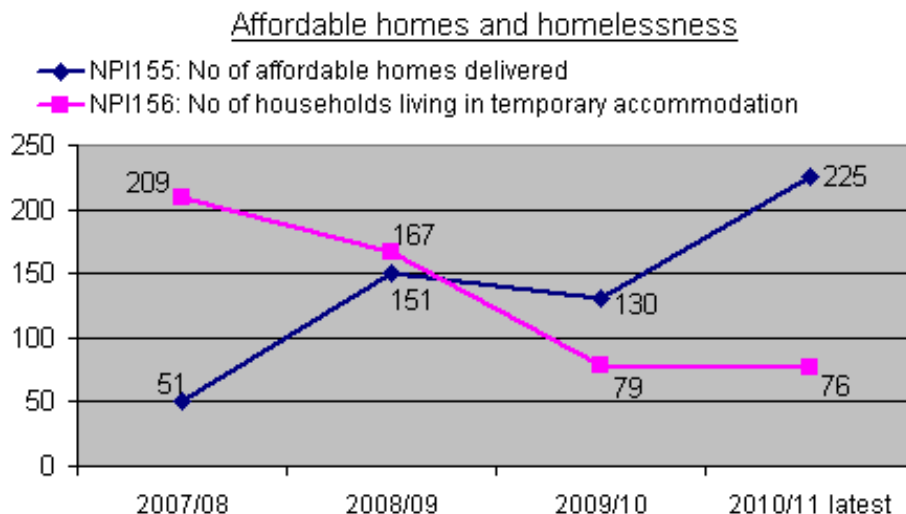
	Apr	May	Jun	Jul	Aug	Sep	Change since 2009
2009	1,182,709	1,203,513	1,236,274	1,297,499	1,217,444	1,229,886	+22,000 (+0.3%)
2010	1,232,241	1,235,700	1,197,397	1,283,812	1,215,271	1,224,645	

Economy

- 13 Unemployment in York was 2.9% in September 2010, which is 2.5% below the regional and 1.5% below the national average, and represents a decrease of 0.5% since April (source: OECD). Another indicator often seen as a more accurate indication of unemployment is the number of York residents claiming job seekers allowance, which was 3439 in September – again, a small decrease from the previous month. This equates to 2.5% of the working age population and is again well below the average claimant count for Yorkshire and the Humber (4.1%) and the UK (3.5%). The number of young people in York who are not in employment, education or training (NEET) remains one of the lowest in the North of England and current data indicates York is performing at similar levels to last year. However, this could improve further with over 100 young people now on pre level 1 training programmes.

Housing

- 14 The number of affordable homes delivered in York is expected to increase to 225 based on Q2 projections, which represents a 73% increase on last year. Homelessness data in York also continues to improve, with 76 households reported as being in temporary accommodation, compared to 167 when the recession started (a 54% reduction).

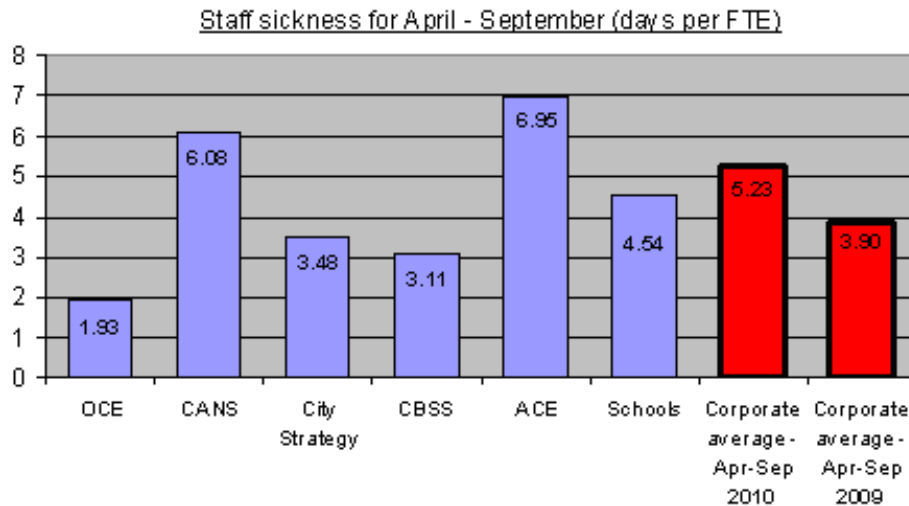


Corporate Health

- 15 Overall performance for Corporate Health is mixed (see table below). Staff sickness continues to increase on 2009-10 performance, currently standing at 5.23 days for the period April – September (1.3 days higher than the 3.9 days reported for the same period last year). Nearly 70% of all absence was recorded as long-term sickness, with the majority (94%) of these occurring in CANS, Adult Social Care and schools. The proportion of sick leave taken due to stress/anxiety related illness remains unchanged and is around the average for local government.

Corporate Health Performance	Apr – Sep 2010	Change from 2009-10
Number of days lost per FTE	5.23 days per FTE	1.3 day increase on same period Long-term sickness ratio is 20% higher than last year
Long term lost per FTE	1.67 days per FTE	
Short term lost per FTE	3.56 days per FTE	
Staff Turnover	6.05%	Increase on 5.53% this time last year
H&S: Major injuries to employees	4	Increase (3 this time last year)
H&S: Minor injuries to employees	14	Decrease (20 this time last year)
H&S: Injuries to non-employees	7	Decrease (11 this time last year)

- 16 The council continues to treat the management of sickness as a priority and new attendance management procedures introduced recently are now seen as 'best practice' across local government and are expected to have a positive impact on future attendance levels. They should also increasing productivity and help develop a more flexible and responsive workforce. In addition, HR continue to develop local actions plans with Directorate Management Teams which include specific interventions that identify and address absence trends and hotspots. Specific work is currently also underway in relation to attendance levels in schools.



- 17 Staff turnover across the council increased slightly from 5.5% to 6% for the first 6 months of this year (480 leavers from 7970 employees). Over 50% of these were in schools, with 176 staff leaving in August as a result of contracts ending at the end of school term.

Priority actions and key achievements

- 18 Good progress has been made during the first 2 quarters of this year in delivering the 72 actions set out in the corporate strategy. Key headlines include:
- *Green Flag and silver gilt.* The city achieved its 5th Green Flag for parks & open spaces and was awarded the silver gilt from Yorkshire in Bloom. Work is now underway to develop a three-year development plan for Britain in Bloom.
 - *Cycling City* – The council held a number of successful events, including the City Centre Cycle race in July and the Festival of Cycling in September, which attracted over 12,000 people. In addition, improvements have now been made to Blossom Street, including the installation of a new pedestrian crossing, changes to traffic lights and an advanced green signal system for cyclists that is the first of its type in the UK.
 - *'One City' initiative:* This citywide project aims to help residents and businesses through the recession by supporting business growth, minimise job losses and helping residents to limit debt. Over the past 6 months the council has undertaken a strategic assessment of the city's economic outlook and its ability to recover from the recession, established an enterprise fund to support 12 businesses ranging from mobile catering to computing and engaged 126 businesses through the local Business Forum. In addition, 1,800 students have been helped to develop enterprise skills as part of the Green Griffin Challenge.
 - *Community Stadium:* In July 2010, the council selected Monks Cross South as the preferred site for the stadium. It also identified the Heslington East site as the preferred location for the replacement athletics facility. Work is now underway to submit the planning application in the new year, so work can start on the new stadium in 2011-12.
 - *Barbican:* Legal agreements are due to be finalised at the end of October 2010 and the building is due to open in April 2011, subject to planning and licensing.
 - *York Sports Village Swimming Pool:* The University is now completing procurement for this project and finalising the facility design as part of preparing the planning application. The project is awaiting approval of funding from Sport England, which is

linked to a £3m grant from the council. Current projections indicate that the facility will be open by April 2012.

- *Clean & efficient:* The council has started to introduce route optimisation software to make bin rounds and other vehicle routes more efficient. A 4-week trial to test out the software has already started, and aims to reduce vehicle mileage, fuel use, and speed up the time taken to collect the city's refuse. The same software has also been applied to streamline routes used by mechanical sweepers.
- *School Modernisation:* The new sites at Rawcliffe and Clifton are almost complete and planning permission for 'English Martyrs' and 'Our Lady' schools have now been approved. Work on these sites is due to be complete by November 2011.
- *Care Computers:* Computers for 'Looked After Children' were delivered to 78 households in York, together with the provision of safe access to the Internet.
- *Recognition for Youth Offending:* A recent inspection of Youth Offending work in York by the Criminal Justice Joint Inspectorate, found the council's services to be of a 'very high standard' and amongst the highest performing in the country.
- *Capable Guardians:* The council has continued to introduce 'capable guardian schemes' into wards with high crime rates. These involved working with local people to tackle anti-social behaviour in their neighbourhoods. Schemes in Westfield, Dringhouses & Woodthorpe, Heworth and Clifton wards are now fully operational and the Guildhall & Hull Road schemes will be operational shortly.
- *Sporting Giants:* This is an Olympic inspired project that gives all primary schools in York the chance to study biomechanics, Olympic sports, build a giant 3 metre high puppet as part of the preparations for the opening of the Olympic Games in 2012. A pilot programme took place in the Joseph Rowntree schools throughout the summer and was extremely successful. It is now being rolled out to all primary schools across York.
- *Independent Living:* The council and local GPs have signed up to joint vision for older people, which will help develop more integrated commissioning of services delivered by Adult Social Care and the Primary Care Trust. As part of this, the roll out of a 'personalisation agenda' to all Adult Social Care customers has now been completed, which empowers them to stay in their own homes, keeping well and out of hospital.
- *York Enterprise:* A new team and website was set up in July 2010, to provide local business with a single point of contact to encouraging investment and grow the York economy. York Enterprise will build on the previous work and activities undertaken by york-england.com.

Finance Overview

- 19 The General Fund budget for 2010-11 is currently £118,166k, with utilisation of balances and reserves reducing the call on Council Tax to £117,338k. Current projections indicate that financial pressures facing the council amount to £3,072k which is an improvement of £970k on the position reported at Monitor 1 and is highlighted in Table 1 (paragraph 22).
- 20 Despite large investment as part of the 2010-11 budget, significant financial pressures remain as a result of the rapidly increasing demand for adult social care services and the continuing impact of the economic downturn on the council's income generating services. This has been compounded by in year grant cuts from Central Government to date of £2,287k, and a further £1,120k of More for York savings that are currently classed as 'at risk' (£864k related to social care in Adults, Children & Education, £256k in City Strategy related to Property Services).

- 21 Despite the challenges they are facing, directorates are working hard to contain these pressures and have identified strategies to reduce their reported positions to ensure council expenditure falls within budget by the end of the financial year. This strategy is outlined in paragraph 27.
- 22 An overview of the current position is summarised on a directorate by directorate basis in Table 1 overleaf. Progress against More for York savings targets are now being reported against the relevant directorate. The main movements from the Monitor 1 report are:
- Adults, Children & Education – an improvement of £565k which is primarily due to improved progress against the More for York social care workstreams and a reduced forecast pressure related to the Independent Residential and Nursing Care service.
 - Communities & Neighbourhoods – an improvement of £393k primarily due to in year savings and vacancy management measures across the directorate.

Directorate	Gross Exp'ture Budget	Gross Income Budget	2010-11 Net Budget	Mon 1 Variance	Mon 2 Variance	Movement
	£'000	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	164,099	-82,103	81,996	+2,875	+2,310	-565
City Strategy	37,430	-29,357	8,073	+937	+940	+3
Communities & Neighbourhoods	88,261	-46,595	41,666	+803	+410	-393
Customer & Business Support Services	78,755	-74,104	4,651	-92	-107	-15
Office of the Chief Executive	10,489	-6,206	4,283	+13	+13	-
DIRECTORATE BUDGETS	379,034	-238,365	140,669	+4,536	+3,566	-970
Asset Rental Adjustments	0	-21,166	-21,166	-	-	-
Other Central Budgets	4,905	-18,575	-13,670	+221	+221	-
General Contingency	565	0	565	-565	-565	-
Treasury Management	13,561	-1,793	11,768	-150	-150	-
GROSS BUDGET	398,065	-279,899	118,166	+4,042	+3,072	-970

N.B Use of reserves reduces to Net Budget of £117,338k

Table 1: Monitor 2 Reported Pressures.

- 23 The table assumes that the remaining contingency of £565k is used to offset other reported pressures, the pay award provision is held corporately in light of unresolved national negotiations, and that the final tranche of VAT refunds received from the Fleming and Conde-Nast cases, totalling £509k, offsets in-year government grant funding cuts that have not been met by corresponding savings.
- 24 For comparative purposes, Table 2 overleaf compares the current reported pressures with the Monitor 2 and final outturn positions for 2009-10. At the time of Monitor 2 in 2009-10, it was noted that the council was facing extraordinary pressures for a mid year position (£1,842k), and a significant proportion of that report outlined a strategy designed to bring expenditure within budget by the end of the financial year. The outturn position for the year of a £38k underspend was testament to the exhaustive work carried out across the council to reduce expenditure in the final six months of the year. In comparison to Monitor 2 in 2009-10, the current position is £1,230k worse off, which as

highlighted already has been driven by increasing demand on services as well as well unprecedented in year grant cuts from Central Government.

Directorate	2010-11 Net Budget	09-10 Mon 2 Variance	09-10 Outturn	10-11 Mon 2 Variance
	£'000	£'000	£'000	£'000
Adults, Children & Education	81,996	+2,455	+2,532	+2,310
City Strategy	8,073	+591	+267	+940
Communities & Neighbourhoods	41,666	+669	-40	+410
Customer & Business Support Services	4,651	-377	-530	-107
Office of the Chief Executive	4,283	+56	-20	+13
DIRECTORATE BUDGETS	140,669	+3,394	+2,209	+3,566
Asset Rental Adjustments	-21,166	-	-	-
Other Central Budgets	-13,670	-1,622	-1,922	+221
General Contingency	565	-359	-359	-565
Treasury Management	11,768	+429	+34	-150
GROSS BUDGET	118,166	+1,842	-38	+3,072

N.B 09/10 Outturn inclusive of approved carry forwards

Table 2: Comparison between Monitor 2 09-10, Outturn 09-10 and Monitor 2 10-11.

- 25 It is clear that due to the council's relatively low reserve levels (see paragraph 50), coupled with the recent Spending Review announcements, the reported position is unsustainable and as such requires corrective action to be taken before the end of the financial year. As a result, Directors will be continuing to identify actions that will reduce expenditure, by approximately £3,000k, in line with the strategy outlined in paragraph 27 and Table 3 below:

Directorate	2010-11 Net Budget	10-11 Mon 2 Variance	Contingency Movement	10-11 Expenditure Reduction	Projected 10 11 Variance
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	81,996	+2,310	-	-1,300	+1,010
City Strategy	8,073	+940	-400	-350	+190
Communities & Neighbourhoods	41,666	+410	-	-400	+10
Customer & Business Support Services	4,651	-107	-	-100	-207
Office of the Chief Executive	4,283	+13	-	-50	-37
DIRECTORATE BUDGETS	140,669	+3,566	-400	-2,200	+966
Asset Rental Adjustments	-21,166	-	-	-	-
Other Central Budgets	-13,670	+221	-	-800	-579
General Contingency	565	-565	+400	-	-165
Treasury Management	11,768	-150	-	-	-150
GROSS BUDGET	118,166	+3,072	-	-3,000	+72

Table 3: Outline Strategy.

- 26 The table assumes the following key actions, that will reduce expenditure by £3,000k, occur before the end of the financial year:
- i) City Strategy is allocated £400k from General Contingency on a non-recurring basis to deal with Economic Downturn pressures.
 - ii) Following the conclusion of national pay negotiations for 2010-11, it is expected that there will be a £800k underspend on Other Central Budgets.
 - iii) Adults, Children & Education deliver additional savings of at least £1,300k.
 - iv) City Strategy deliver additional savings of at least £350k.
 - v) Communities & Neighbourhoods deliver additional savings of at least £400k.
 - vi) Customer & Business Support Services deliver additional savings of at least £100k.
 - vii) Office of the Chief Executive deliver additional savings of at least £50k.
- 27 It is important to note that at least £2,060k of in year savings have already been identified, both to counter in year grant cuts and to proactively seek to reduce directorate expenditure, and therefore credit should be extended for these efforts, though this alone is not enough. Clearly the savings targets are on an unprecedented scale, however the council can only spend what it can afford. Therefore it is vital that this strategy is achieved by the end of the financial year to ensure the council enters the 2011-12 financial year, and the extremely difficult challenges it will face posed by the recent Spending Review, on as sound a financial footing as is possible.
- 28 The actions being taken by directorates will be continually monitored by CMT and through discussion with Executive Members to ensure that progress is made against the strategy outlined above. The next report due to be brought before the Executive is the Monitor 3 report on 15 February 2011 at which point it is hoped appropriate progress against the strategy can be reported.

Directorate Financial Performance

- 29 The following sections provide further information on the current pressures each directorate is facing, including progress against More for York savings, as outlined in Table 1 (paragraph 23).

Adults, Children & Education

- 30 Adults, Children & Education are currently reporting financial pressures of £2,310k, an improvement of £535k from the £2,875k pressure reported at Monitor 1. Progress against the £1,200k More for York social care savings is now being reported against the directorate, of which £864k remains 'at risk' of being achieved, though has improved by £211k since Monitor 1.
- 31 Elsewhere in the directorate, £1,021k in pressures are being projected in Adult Social Services, an improvement of £328k from Monitor 1 primarily due to a revised projection of costs in the Independent Residential & Nursing Care service. Increasing demand, above the approved budget, continues to be an issue in 2010-11. The main contributory factors are:
- i) More people have opted to take direct payments than anticipated and the numbers are likely to increase as personalisation of services is rolled out further resulting in an increased take up in Direct Payments (£1,077k).

- ii) The cost of using agency staff to cover staff sickness in Elderly Persons Homes (£255k).
- 32 There are a further £425k of pressures in Children & Young People's budgets (£26k improvement from Monitor 1), which are in the process of being addressed, though the causes of which include:
- i) Pressure on home to school transport budgets (£164k), where the additional savings target allocated to the service during the 2010-11 budget process is unlikely to be achieved.
 - ii) £162k pressure on Schools Repair & Maintenance buyback including additional costs related to Children's Centres on school sites and work on school extensions.
- 33 The pressures across the directorate are being offset by redirection of grants and vacancy management measures, as well as a moratorium on any non essential spend and work is ongoing to identify further actions to reduce the reported position.
- 34 To date, the directorate has received in-year government grant cuts totalling £1,832k, of which savings have been identified of £1,467k. Difficult decisions have had to be taken in order to reduce expenditure on a wide range of community based schemes within the Early Intervention Fund as well as the Youth Volunteering Project. The remaining £365k, related to ABG, has been reported as a corporate pressure.

City Strategy

- 35 City Strategy are reporting financial pressures of £940k, which is a slight deterioration of £3k from the £937k pressure reported at Monitor 1. It should be noted that the figure is now inclusive of £256k of 'at risk' More for York savings related to Property Services that have emerged since the last report. A further significant movement is an additional £170k pressure on the Yorwaste Dividend budget, now totalling £400k, due to predictions that only a nominal dividend will be paid in 2010-11.
- 36 Elsewhere in the directorate, underlying pressures related to the Economic Downturn are improving marginally with Parking income showing a forecast shortfall of £288k (previously £306k) and shortfalls in building control income of £175k (previously £188k), income from the Commercial Property portfolio of £176k (previously £188k) and planning applications of £122k (previously £150k) all contributing to the reported position.
- 37 The directorate has already identified £252k in vacancy management measures and £67k in other savings in order to manage its pressures.
- 38 Members will be aware that the rate of VAT is increasing from 4th January 2011 from 17.5% to 20%. This increase reduces the value of income that the council receives from its off-street parking charges. To mitigate this loss of income it is proposed that the charges are amended from Monday 10th January 2011.
- 39 It is proposed that off-street parking charges for non minster badge holders will increase by 10p per hour to £2.10 per hour at short stay car parks, £1.80 per hour at standard stay car parks and £0.80 per hour at Foss Bank. It is proposed that all other charges remain stable (on-street and minster badge holders). It is also proposed that customers who pay by mobile phone will not be charged the increased rate.
- 40 A breakdown of the current and revised charges is shown in Annex 1. It is anticipated that these increases will fund the estimated lost revenue due to the VAT rise.

Contingency Request

- 41 A contingency request has been made for £400k in order to support income budgets suffering from the effects of the Economic Downturn.

Communities & Neighbourhoods

- 42 Communities & Neighbourhoods are currently predicting financial pressures of £410k, which is an improvement of £393k from the £803k pressure reported at Monitor 1. The improvement is primarily due to the identification of in year savings and the introduction of vacancy management measures across the directorate. All More for York workstreams are currently on target to deliver their agreed savings.
- 43 The directorate's income generating services remain the main contributory factor to the reported pressure with shortfalls in income projected for Commercial Waste of £217k (previously £248k), the Library Service of £173k (no movement) and the Performing Arts service of £130k (previously £134k). A further pressure of £143k related to increased utilities and repairs costs at travellers sites underpins the reported position.

Customer & Business Support

- 44 Customer & Business Support are currently projecting an underspend of £107k, which is a £15k improvement from Monitor 1. This is mainly due to a reduction in audit fees following the cessation of the Comprehensive Area Assessment regime (£71k) and the re-alignment of IT support and maintenance contracts which will realise a projected in year saving (£106k). This is offset by a number of small variations elsewhere in the directorate. All More for York workstreams in the directorate are currently projected to meet their agreed savings targets.

Office of the Chief Executive

- 45 The Office of the Chief Executive is currently projecting a minor pressure of £13k, which represents a nil movement from Monitor 1. The source of the forecast variation is a £49k pressure within Marketing and Communications due to a shortfall of income for boundary sign advertisements and from the Print Unit, however this is offset by vacancy management measures elsewhere in the directorate. More for York workstreams in the directorate are on target to meet their agreed savings.

Other Central Budgets

- 46 Treasury Management activity is currently forecasting an underspend of £150k. This is primarily due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances. A technical review of the council's capital financing requirement and minimum revenue provision is currently underway and more detail on the financial impact of this will be provided in a future report.
- 47 A pressure of £221k is being reported against Other Central Budgets which is comprised of £730k of in-year government grant cuts for which corresponding service savings have not been identified and offset by the £509k VAT refund receipt for claims related to the Fleming and Conde-Nast cases.

Dedicated School Grant (DSG)

- 48 In the DSG area there is a projected underspend of £309k against a budget of £92,754k. 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)

- 49 The budgeted balance on the HRA is estimated to be £8,764k and the latest forecast identifies a surplus of £271k, a deterioration of £112k from Monitor 1, leaving a projected working balance of £9,035k. The main reason for the projected surplus is a number of vacancy management measures across the service.

Reserves

- 50 The council's general revenue reserve currently stands at £6.7m, after reductions for carry forwards from 2009-10 and items committed as part of the 2010-11 budget, and has a minimum required level of approximately £6.0m to cover significant unforeseen one-off cost pressures. Should the current pressures still be evident at the end of the financial year, they would have to be funded from the reserve and would result in a significant breach of this minimum level. This prospect reinforces the need to identify mitigating actions to ensure that the council's expenditure is contained within budget. If the position cannot be recovered, the Director of Customer & Business Support Services will have to recommend to Council that the reserve is reinstated to at least its minimum required level which will have implications on the 2011-12 budget and beyond.

Analysis

- 51 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

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

Corporate priorities

- 53 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.

Implications

- 54 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 specific equality implications to this report, however equalities issues 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, 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

- 55 The council's risk management culture continues to mature and form part of regular business process. The Key Corporate Risks (KCRs) are reported to both Audit & Governance Committee (A&G) and CMT on a quarterly basis as part of the council's overall governance arrangements. The KCRs are regularly reviewed at Corporate Leadership Group and on an ongoing basis as part of the quarterly monitoring sessions at A&G and CMT.

Recommendations

- 56 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, and approve the use of the strategy designed to reduce the current forecasted pressures

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, and referencing paragraph 41, approval is requested for a non-recurring release from Contingency of £400k to support services currently suffering the effects of the Economic Downturn.

Reason: To ensure the City Strategy budget is sufficiently funded.

- d. Agree to the proposal to amend car park charges as shown in Annex 1.

Reason: To ensure that the increase in VAT rate does not negatively impact council revenue.

Authors:		Chief Officers Responsible for the report:	
Ian Floyd, Director for Customer & Business Support Services Keith Best, Assistant Director for Customer & Business Support Services (Financial Services) Tracey Carter, Assistant Director for OCE (Policy, Performance & Partnerships)			
Report Approved	<i>tick</i>	Date	<i>Insert Date</i>
	✓		
Specialist Implications Officer(s) - None			
Wards Affected: <i>None</i>		All	<i>tick</i>
For further information please contact the author of the report			

Annex 1 Current and Proposed Parking Charges