



OVERVIEW AND SCRUTINY COMMITTEE

Meeting to be held in Committee Rooms 6&7, Civic Hall, Leeds LS1 1UR on
Monday, 2nd July, 2007 at 10.00 am*
*(Pre – Meeting at 9.30am)

MEMBERSHIP

Councillors

P Grahame (Chair)	-	Cross Gates and Whinmoor
B Anderson	-	Adel and Wharfedale
S Bentley	-	Weetwood
B Gettings	-	Morley North
S Golton	-	Rothwell
T Hanley	-	Bramley and Stanningley
A Harrison	-	Garforth and Swillington
W Hyde	-	Temple Newsam
E Minkin	-	Kirkstall
R Pryke	-	Burmantofts and Richmond Hill

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A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded)</p>	
2			<p>EXCLUSION OF PUBLIC</p> <p>To identify items where resolutions may be moved to exclude the public</p>	
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration</p> <p>(The special circumstances shall be specified in the minutes)</p>	
4			<p>DECLARATION OF INTERESTS</p> <p>To declare any personal/prejudicial interests for the purpose of Section 81(3) of the Local Government Act 2000 and paragraphs 8 to 13 of the Members Code of Conduct</p>	
5			<p>APOLOGIES FOR ABSENCE</p>	
6			<p>MINUTES - 4TH JUNE 2007</p> <p>To confirm as a correct record the minutes of the meeting held on 4th June 2007 (enclosed).</p>	1 - 4

Item No	Ward	Item Not Open		Page No
7			<p>MINUTES - EXECUTIVE BOARD - 13TH JUNE 2007</p> <p>To receive, for information purposes only, the attached minutes of the Executive Board meeting held on 13th June 2007.</p>	5 - 12
8			<p>MONITORING OF THE PERSONNEL PANEL - JANUARY TO DECEMBER 2006</p> <p>To receive and consider the attached report of the Chief Officer (Human Resources).</p>	13 - 16
9			<p>SCRUTINY OF THE BUDGET - PERFORMANCE OUTTURN 2006/07</p> <p>To receive and consider the attached report of the Head of Scrutiny and Member Development.</p>	17 - 30
10			<p>OSC WORK PROGRAMME</p> <p>To receive and consider the attached report of the Head of Scrutiny and Member Development.</p>	31 - 36
11			<p>DATES AND TIMES OF FUTURE MEETINGS</p> <p>Monday 3rd September 2007 Monday 1st October 2007 Monday 5th November 2007 Monday 3rd December 2007 Monday 7th January 2008 Monday 4th February 2008 Monday 3rd March 2008 Monday 7th April 2008</p> <p>All at 10.00 am (Pre-Meetings at 9.30 am).</p>	

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Agenda Item 6

OVERVIEW AND SCRUTINY COMMITTEE

MONDAY, 4TH JUNE, 2007

PRESENT: Councillor P Grahame in the Chair

Councillors S Bentley, T Hanley,
A Harrison, W Hyde and R Pryke

Apologies Councillors B Anderson, S Golton and
E Minkin

1 Chair's Opening Remarks

The Chair welcomed Members and officers to the first meeting of the Committee in the 2007/08 municipal year, and paid tribute to the hard work and contribution of the previous Chair, Councillor Driver, and other Members who were no longer on the Committee – Councillors Bale, Cleasby, Lancaster and Leadley.

2 Declarations of Interests

No declarations of interest were made.

3 Minutes - 16th May 2007

RESOLVED – That the minutes of the two meetings held on 16th May 2007 be confirmed as a correct record.

4 Minutes - Executive Board - 16th May 2007

RESOLVED – That the minutes of the Executive Board meeting held on 16th May 2007 be received and noted.

5 Matters Arising from the Minutes

(a) **Extension of ALMO Management Agreements (Minute No 246 refers)**

Further to Minute No 246 of the Executive Board meeting, 16th May 2007, at a Member's request, it was agreed that the decision to extend the management agreements with the housing Arms Length Management Organisations by a further five years, to 31st January 2013, should be referred to the Scrutiny Board (Environment and Neighbourhoods) with a view to that Board considering conducting a formal review of that decision.

(b) **Services based at Terry Yorath House (Minute No 240 refers)**

Further to OSC Minute No 109, 16th May 2007, and Minute No 240 of the Executive Board meeting, 16th May 2007, and in response to a

Member's query, the Head of Scrutiny and Member Development reported that the Director of Adult Services had now reconsidered her decision, taking into account the views of OSC expressed on 16th May, and had made another delegated decision to continue the contract with The Disabilities Trust for the provision of care services at Terry Yorath House for a further 12 months, with the option of two further 12 month extensions, and including a 4 month notice period in the contract. Following the previous Call-In, this latest decision could not be called-in.

It was agreed that the Scrutiny Board (Health and Adult Social Care) should be requested to monitor the ongoing consultation arrangements with residents and their carers which formed part of the wider review and consultation process relating to the provision of adult residential care services.

6 Minutes - Scrutiny Board (City Services) - 18th April 2007

RESOLVED –

- (a) That the minutes of the above meeting be received and noted.
- (b) That the Head of Scrutiny and Member Development be requested to obtain and circulate to OSC Members details of the outcome of the **Crown Cuisine Inquiry** referred to in Minute No 105(a).

7 Overview and Scrutiny Committee - Terms of Reference

The Head of Scrutiny and Member Development submitted a report setting out the formal terms of reference of the Committee.

In response to Members' queries, the Head of Scrutiny and Member Development undertook to ascertain and circulate to OSC Members further information about the present situation regarding **Corporate Priority Boards**. He also undertook to refer to the Scrutiny Board (Health and Adult Social Care), on a recommendation monitoring basis, the issue of progress on the previous Board's Inquiry into **hospital cleanliness, MRSA** etc.

RESOLVED – That the Committee's terms of reference be noted.

8 Annual Scrutiny Report to Council - Action Plan

The Committee considered a report submitted by the Head of Scrutiny and Member Development regarding the Action Plan associated with the 2006/07 Scrutiny Annual Report to Council, due to be considered by the Council on 20th June 2007.

The Head of Scrutiny and Member Development reported that further guidance from the Government was awaited on issues such as '**community calls for action**' and the extension of scrutiny arrangements to **external partner organisations**, and the Committee would receive update reports as appropriate.

Draft minutes to be approved at the meeting
to be held on Monday, 2nd July, 2007

RESOLVED – That the report be noted.

9 **Performance Monitoring - Quarter Four 2006/07**

The Head of Policy, Performance and Improvement submitted a summary report relating to key performance indicators for each area covered by an officer from Corporate Priority Board, and highlighting key areas of under - performance which OSC or the other Scrutiny Boards might wish to tackle in greater depth. The impact of under - performance in key areas on the Council's overall **Corporate Performance Assessment (CPA)** score was emphasised.

The key areas highlighted at the meeting were:-

- **Planning performance**, and whether or not this was improving – The Chair stated OSC would be receiving an update report at its September meeting, following its Inquiry in 2006/07;
- **VC11c** – Percentage of top 5% of earners that are disabled (excluding schools) and **BV16a** – The number of staff declaring that they meet the DDA disability definition as a percentage of the total workforce;
- **BV12** – The proportion of working days/shifts lost to sickness absence – and the variations between Departments;
- **BV126** – Domestic burglaries per 1,000 of the population – and **BV127b** – Robberies per year per 1,000 of the population – and the variations between different parts of the City;
- **BV203** – The percentage change in the average number of families placed in temporary accommodation;
- **BV201** – Direct payments per 100,000 of the population;
- **Children and Young People** – issues relating to weaknesses in management information and the allocation of resources across the City.
- **CP-AS50** – provision of out of hours services – Members requested details regarding the 55 services referred to in the report.

RESOLVED – That the report be noted, and Scrutiny Chairs, in consultation with the Scrutiny Support Unit and their Boards, decide which key areas of under - performance to investigate during 2007/08.

10 **OSC Work Programme 2007/08 - Sources of Work and Establishing the Committee's Priorities**

The Head of Scrutiny and Member Development submitted a report regarding establishing the Committee's work programme for 2007/08, together with a relevant extract of the Council's Forward Plan of Key Decisions for the period 1st June to 30th September 2007.

The Committee decided to add reviews of various previous issues to its work programme – **When Contracts Go Wrong, Direct Payments and Elections and Electoral Arrangements** – to refer a review of the previous **Waste**

Draft minutes to be approved at the meeting
to be held on Monday, 2nd July, 2007

Strategy Inquiry to the Scrutiny Board (Environment and Neighbourhoods) and also requested an update on the **Grass Cutting Service** contract.

11 Scrutiny Training Dates

The Head of Scrutiny and Member Development gave notice of two Scrutiny training sessions – one for **Scrutiny Chairs** on 3rd July, 9.30 am to 12.00 noon, and one for **Scrutiny Members** on 6th July, 9.30 am– 12.00 noon.

12 Dates and Times of Future Meetings

Monday 2nd July 2007
Monday 3rd September 2007
Monday 1st October 2007
Monday 5th November 2007
Monday 3rd December 2007
Monday 7th January 2008
Monday 4th February 2008
Monday 3rd March 2008
Monday 7th April 2008

All at 10.00 am (Pre-Meetings at 9.30 am).

At the request of a Member, the Head of Scrutiny and Member Development undertook to canvass OSC Members regarding OSC meetings always being on a Monday.

EXECUTIVE BOARD

WEDNESDAY, 13TH JUNE, 2007

PRESENT: Councillor M Harris in the Chair

Councillors R Brett, A Carter, J L Carter,
R Finnigan, R Harker, P Harrand, S Smith,
K Wakefield and J Blake

Councillor Blake – Non-voting Advisory Member

1 **Late Items**

There were no late items but supplementary/additional information was provided since the despatch of the agenda as follows:

- Minute 9 - Additional supplementary information in relation to consultations and discussions undertaken contained in a report circulated on 11th June 2007 and a further report tabled at this meeting.
- Minute 11 - The current draft of the Council Plan 2007/08 document tabled at this meeting.
- Minute 14 - The Children and Young People's Plan Review document circulated on 7th June 2007.
- Minute 19 - A revised version of appendix 2 to the report tabled at this meeting.

2 **Exclusion of Public**

RESOLVED – That the public be excluded from the meeting during consideration of the following parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of the exempt information so designated as follows:

- (a) The appendix to the report referred to in minute 10 under the terms of Access to Information Procedure Rule 10.4(3) and on the grounds that the public interest in maintaining the exemption outweighs the public interest in disclosing the information as disclosure would, or would be likely to, prejudice the commercial interests of the Council, disclosure of costs and details about the relationships between parties could prejudice the Council's position in dealing with claims and future negotiations. Maintaining the exemption protects the Council's negotiating position and prevents potential wasteful public expenditure.

3 **Declaration of Interests**

Draft minutes to be approved at the meeting
to be held on Wednesday, 4th July, 2007

Councillor Wakefield declared a personal interest in the item relating to the Review of 14-19 provision in Leeds as a member of the Learning and Skills Council.

Councillor Finnigan declared a personal interest in the same item as a governor of Joseph Priestley College.

4 Chair's Announcements

- (a) The Chair reported that Paul Rogerson, the Chief Executive was not present at the meeting by reason of the investiture of his award of Commander of the British Empire on this same day. The Board expressed congratulations to Mr Rogerson upon his receipt of the award which reflected upon his services to the City and the region.
- (b) The Chair announced that the Council had on the day of this meeting received an award from CIPFA in respect of its financial reporting arrangements.
- (c) The Chair welcomed Councillor Finnigan to his first meeting of the Board.

5 Minutes

RESOLVED - That the minutes of the meeting held on 16th May 2007 be approved.

CHILDREN'S SERVICES

6 Review of 14 - 19 Provision in Leeds

Further to minute 242 of the meeting held on 16th May 2007 the Chief Executive of Education Leeds submitted a report on progress of the review of 14-19 provision and on the proposed next stage to develop a detailed implementation plan in conjunction with key partners.

RESOLVED – That approval be given to the vision and approach outlined in the report and to the development of a detailed implementation plan based on the model proposed in the report.

7 Deputation to Council - Community Language Teaching in Leeds Secondary Schools (Sikh Welfare Trust)

The Chief Executive of Education Leeds submitted a report on the deputation to Council on 18th April 2007 regarding community language teaching in Leeds secondary schools.

RESOLVED –

- (a) That the concerns expressed by the deputation and the next steps described in the report be noted.
- (b) That a further report be brought to the Board following the conclusion of the consultation exercise currently underway.

LEISURE

8 Proposed Development of a Dance Headquarters on Quarry Hill for Northern Ballet Theatre Company and Phoenix Dance Company

Further to minute 114 of the meeting held on 15th November 2006 the Director of City Development submitted a report on the proposed development at Quarry Hill for the Northern Ballet Theatre and Phoenix Dance Company. Following consideration of the history of negotiations to date with private developers, it was concluded that partnership with a commercial developer via a developer led delivery model was unlikely to result in the required dance facilities. The report considered proposed delivery models with the Council taking the lead in the delivery of the project namely the Council acting as developer or the Council taking the lead on the project. The report also outlined the option of the Council taking no action, of relocating the proposed development or of attracting another commercial developer to the project.

RESOLVED –

- (a) That the current position regarding the proposed development of a new dance/theatre headquarters on site 1 Quarry Hill for Northern Ballet Theatre and Phoenix Dance Company at a total estimated cost of £11,675,000 be noted.
- (b) That support be given to the principle of a revised delivery mechanism to be pursued for the development of a new dance/theatre headquarters on site 1 Quarry Hill for use by Northern Ballet Theatre and Phoenix Dance Company, the specific mechanism to be agreed by the Director of City Development under the Council's scheme of delegation
- (c) That an additional £7,025,000 be injected into the Capital Programme for expenditure on the proposed development of a new dance/theatre headquarters, to be funded by a grant of £3,560,000 from Arts Council England, £400,000 from Northern Ballet Theatre and an additional contribution of £3,065,000 from the City Council.
- (d) That additional expenditure of £7,025,000 on the proposed development of a new dance/theatre headquarters on site 1 Quarry Hill for use by Northern Ballet Theatre and Phoenix Dance Company be authorised.
- (e) That the thanks of the Board be conveyed to those officers involved in the progression of this development since its first inception.

(Under the provisions of Council Procedure Rule 16.5 Councillor Finnigan required it to be recorded that he voted against this decision).

9 River Safety Management at Wharfemeadows Park, Manor Park and Tittybottle Park, Otley

Further to minute 241 of the meeting held on 16th May 2007 the Chief Recreation Officer and Assistant Chief Executive (Corporate Governance) submitted a report presenting the previous report on the need for water safety measures at the above location, on public meetings held and on the intention to circulate a further report to the Board following a display of the options at Otley Civic Centre on 8th June 2007.

Draft minutes to be approved at the meeting
to be held on Wednesday, 4th July, 2007

Further reports as referred to in minute 1 were also considered.

RESOLVED –

- (a) That the scheme to erect signage and to fence parts of the parks adjacent to the River Wharfe as detailed graphically in Appendix four to the report submitted to the Board on 16th May 2007 be implemented as soon as is practically possible.
- (b) That the height, design and colour of the fencing be as described in the report tabled at this meeting following the recent consultation exercise.

(Under the provisions of Council Procedure Rule 16.5 Councillor Wakefield required it to be recorded that he abstained from voting on this decision).

10 Swimming and Diving Centre, John Charles Centre for Sport

Further to minute 127 of the meeting held on 13th December 2006 the Director of City Development submitted a report on the anticipated final budget shortfall in respect of the above scheme, on the work areas that have contributed to the shortfall, the reasons and the actions taken and being undertaken, to try and reduce the anticipated shortfall.

Following consideration of the appendix to the report designated exempt under Access to Information Procedure Rule 10.4(3), which was considered in private at the conclusion of the meeting, it was

RESOLVED – That the recommendations identifying funding to meet the anticipated final budget shortfall, as contained in the exempt appendix to the report, be approved.

CENTRAL AND CORPORATE

11 The Council Plan 2007/08

The Chief Officer Executive Support submitted a report on the production of the Council's Best Value Performance Plan – the Council Plan 2007/08 to be submitted to the Council meeting on 20th June 2007 for approval to publish on 30th June 2007.

Copies of the current draft of the Plan were circulated at the meeting.

RESOLVED – That Council be recommended:

- (a) To approve the Council Plan to allow publication by 30th June 2007
- (b) To authorise the Chief Executive to upgrade and complete the Council Plan with any outstanding information prior to its publication on 30th June 2007
- (c) To authorise the Executive to make any necessary in-year amendments to the Council Plan subject to the amendments being reported to the next available Council meeting.

12 Performance Outturn 2006/07

The Director of Resources submitted a report on the Council's financial performance for the year ending 31st March 2007 prior to the submission of the annual accounts to the Corporate Governance and Audit Committee for approval, and subject to audit.

RESOLVED – That the report be noted and that approval be given to the creation of an earmarked reserve and an injection to the capital programme in respect of the Housing Revenue Account as detailed in paragraph 7.8 of the submitted report.

DEVELOPMENT AND REGENERATION

13 EASEL Area Action Plan Preferred Options

The Director of City Development submitted a report on proposals to consult on the Preferred Options for the EASEL Area Action Plan.

The report detailed actions taken to date to arrive at the Council's preferred options and presented the Council's response to comments received on the Alternative Options consultation, the summary of the Area Action Plan Sustainability Appraisal Report and the preferred options development plan document.

RESOLVED –

- (a) That the outcome of the informal consultation undertaken as part of the preparation of the Preferred Options be noted
- (b) That the East and South East Leeds Preferred Options be approved for publication together with its Sustainability Appraisal Summary Report and other supporting documents and that representations be formally invited between 18th and 30th July 2007.

CHILDREN'S SERVICES

14 The 2007 Review of the Children and Young People's Plan and the Annual Performance Assessment

The Director of Children's Services submitted a report on the 2007 Review of the Children and Young People's Plan.

A copy of the revised Plan had been circulated subsequent to the despatch of the agenda.

RESOLVED –

- (a) That the Children and Young People's Plan Review be approved as necessary in year amendments to the Plan and those amendments be reported for information to the next meeting of the Council.
- (b) That the final document be submitted to the next meeting of this Board for information.

15 The Future of Youth Services in Leeds

The Director of Children's Services submitted a report on the implications of the Education and Inspections Act 2006 for youth services in Leeds.

RESOLVED –

- (a) That an Integrated Youth Support Service as described in the report, be established in Leeds as from April 2008
- (b) That approval be given to the full integration of Leeds Youth Service and the localised Connexions Service into the Integrated Youth Support Service as part of a wider universal offer for 0-19 year olds.
- (c) That the Director of Children's Services progress all aspects set out in the report for the integration of services for young people.
- (d) That 2007/08 be regarded as a year of transition and change.

16 Design and Cost Report - New Wortley Children's Centre

The Acting Chief Officer for Early Years and Youth Services submitted a report on the construction of an extension to the existing Castleton Primary School to create New Wortley Children's Centre.

RESOLVED – That approval be given to the transfer of £935,000 from the Phase 2 Children's Centre Parent Scheme 12394 and that authority be given to incur expenditure of £768,000 on construction, £40,000 on equipment and £127,000 on fees.

17 Primary Review - Guiseley Primary Planning Area

The Chief Executive of Education Leeds submitted a report on the outcome of a review of primary provision in the Guiseley Planning Area.

The report presented options which had been considered as follows:

- 1 Increase the admissions number at both Guiseley Infant School and St Oswald's Junior School from 80 to 90 with effect from September 2009
- 2 Expand provision at either Tranmere Park or Hawksworth
- 3 Expand provision in Queensway
- 4 Convert both Guiseley Infants School and St Oswald's Junior School into through primaries (either 1.5FE or 2FE)

RESOLVED – That the choice of Option 1, with consultation taking place through the Annual Admissions process, be noted

18 Primary Review - Wetherby Primary Planning Area

The Chief Executive of Education Leeds submitted a report on the outcome of a review of primary provision in the Wetherby Planning Area.

The report presented options which had been considered as follows;

- 1 Maintain all current provision
- 2 Reduce the admissions limit of Deighton Gates Primary from 60 to 45
- 3 Reduce the admissions limit of Deighton Gates Primary from 60 to 30

- 4 Amalgamation of Deighton Gates with Crossley Street to form a 2 form entry school
- 5 Amalgamation of Deighton Gates with St James CE (VC) to form a 2 form entry school

RESOLVED – That the choice of option 1 be noted

19 Amendments to Home to School Transport Policy

The Chief Executive of Education Leeds submitted a report on proposed amendments to the Home to School Transport Policy in accordance with the Education and Inspections Act 2006 to be implemented from September 2008.

A revised version of appendix 2 to the report was circulated at the meeting.

RESOLVED – That the report be noted and that the revised policy, as contained in the tabled appendix 2 to the report, be approved for implementation.

DATE OF PUBLICATION: 15TH JUNE 2007
LAST DATE FOR CALL IN : 22ND JUNE 2007

(Scrutiny Support will notify Directors of any items called in by 12.00 noon on Monday 25th June 2007)

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Report of the Chief Officer - HR

Overview & Scrutiny Committee

Date: 2nd July 2007

Subject: Monitoring of the Personnel Appeal Panel Arrangements for January to December 2006

Electoral wards affected: None

Ward Members consulted
(referred to in report)

Specific implications for:

Equality and Diversity

Community Cohesion

Narrowing the gap

1.0 Executive Summary

- 1.1 The Council's Personnel Appeals Panel hears employee appeals against dismissal and stage 3 grievances. The Panel was originally composed of three Elected Members but in 2005, Executive Board changed the composition to three JNC Officers.
- 1.2 The purpose of this report is to consider the operation of those revised arrangements and whether there is any evidence to suggest that the outcome of appeals has changed or whether there has been any increase in risk to the Council as a result of the new arrangements.
- 1.3 The Council implemented the revised appeals process in September 2005. The Committee previously received an updated report every 6 months but in April 2006 Committee resolved to receive a further update after the arrangements had been in place for 12 months. This report relates to the period January to December 2006 during which there were 23 panels.
- 1.4 There is no evidence to suggest that the nature of the outcome of appeals has changed or that there is any increased risk to the Council in relation to potential Tribunal cases as a result of the new arrangements.

1 Purpose of this report

- 1.1 The purpose of this report is to update the Overview & Scrutiny committee regarding the operations of the arrangements for the Personnel Appeals Panel which hears appeals against dismissal and stage 3 grievances.

2 Background information

- 2.1 At its meeting on the 10th May 2005 the Committee resolved to recommend to Council an amendment to the Constitution reflecting changes to the personnel panel arrangements in Leeds. Consequently, the revised Personnel Appeals Panel process was agreed by the Council in May 2005 and implemented in September 2005. At its meeting on the 19th April 2006 the Committee received an update report regarding the operation of the revised arrangements. As 6 months was a short timescale in which to assess the impact of the revised arrangements the Committee resolved to receive a further update report after the new arrangements had been in operation for a year. This report provides this update.
- 2.2 Since the implementation of the new arrangements the panel is now composed of three JNC Officers rather than three Elected Members. The revised Personnel Appeals Panel process was reviewed after 12 months; this report forms part of the continuing development and evaluation of the process.
- 2.3 An original pool of Chairs, Panel Members, HR Advisors, Legal Advisors and Clerks was created through a series of training sessions run jointly by Corporate HR Service and Legal Services.
- 2.4 Since then, further training has been arranged to expand the pool of trained officers and this now totals 19. The Personnel Appeals Panel is administered by The Corporate HR Service.
- 2.5 Outcomes of appeals are determined as from the appellant's perspective. Upheld means the Panel agrees with an appeal, in part or in whole; not upheld means that the appellants appeal was not agreed by the Panel, and withdrawn means the appellant withdrew. In some instances the case is 'referred' which means that the panel has referred the case back for further investigation or information prior to coming to a final decision.

Main issues

3 Corporate Overview January to December 2006

January to December 2006

Case Type	Referred	Upheld	Not upheld	Total Cases	Total Days
Dismissal	0 (0%)	4 (50%)	4 (50%)	8	9
Grievance	0 (0%)	0 (0%)	7 (100%)	7	11
Ill Health	1 (14%)	0 (0%)	6 (86%)	7	5
Performance Capability	0 (0%)	0 (0%)	1 (100%)	1	1
Total	1 (5%)	4 (17%)	18 (78%)	23	26

Table 1

3.1 Commentary

- 3.1.1 In the 12 months from January to December 2006 there were 23 Personnel Panels. The panels heard appeals against dismissal, stage 3 grievances and for the first time appeals against ill health dismissal and performance capability.
- 3.1.2 One trend in the data for this period is the increase in number of appeals compared to previous years; in 2004 there were 9 cases heard and in 2005 12 cases were heard. These can be attributed solely to the number of ill health dismissals not previously recorded; as depicted in table 1.
- 3.1.3 As this table shows, the total number of days spent in 2006 on appeals by the Personnel Panels was 26. This equates to an average of 1.13 days per hearing compared to 1.10 days average in 2005 and 1.11 days average in 2004. This appears to be due most significantly to the increased number of grievances at stage 3. By nature, grievances at this stage are complex and require considerable hearing time and 2 or 3 days is not uncommon.
- 3.1.4 It is also noted that of all grievances heard at stage 3 none have been upheld. However none of these grievances have subsequently been lodged at Employment Tribunal. There was a claim for unfair dismissal and race discrimination lodged with the tribunal. The appeal as a stage 3 grievance was not upheld by Personnel Panel and subsequently the Employment Tribunal was withdrawn.
- 3.1.5 In the year 2006 there were 6 Employment Tribunal (ET) claims submitted against the council. Of the 3 claims for unfair dismissal, one was withdrawn when the Personnel Panel upheld the appeal. Two appeals have not been upheld by Personnel Panel and the hearings are to be listed at Employment Tribunal.
- 3.1.6 Two claims for unfair dismissal and disability discrimination were lodged with the Employment Tribunal. One has been withdrawn as the appellant was retired on

grounds of ill health. The second appellant's Personnel Panel hearing has been adjourned pending the outcome of a referral to Occupational Health.

3.1.7 A further Employment Tribunal case was lodged as a claim for unfair dismissal and sex discrimination. The appeal was upheld by Personnel panel, the appellant reinstated and the employment tribunal case withdrawn.

3.1.8 When comparing data for the period 2004/2005/2006 there is no evidence that there has been any significant variation in the nature of the outcome of appeals as a consequence of implementing the new arrangements.

4 Legal and Resource Implications

4.1 The process is being delivered within existing resources and to council policy.

5 Conclusion

5.1 There is no evidence to suggest that the nature of the outcome of appeals has changed or that there is an increased risk to the Council as a result of the new arrangements.

6 Recommendations

6.1.1 The Overview & Scrutiny Committee is recommended to note the contents of this report.



Report of the Head of Scrutiny and Member Development

Overview and Scrutiny Committee

Date: 2nd July 2007

Subject: Scrutiny of the Budget – Performance Outturn 2006/07

Electoral Wards Affected:

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 INTRODUCTION

1.1 Last municipal year the Overview and Scrutiny Committee issued a report to the Executive Board stating that it was its view that Overview and Scrutiny Committee can be most effective if rather than undertake a line by line analysis of departmental budgets, it tests and challenges the council's ability to adopt a budget process that directs resources to its corporate priorities and has the ability to make early identification of future savings, growth and funding shortfalls.

1.2 The CPA – Harder Test focuses on Performance Management and the involvement of Members. The council will have to meet the Audit Commission's criteria for judgment to maintain a score of 3 for Performance Management in the December 2007 Corporate Assessment. The criteria include:

- Councillors have a record of focused involvement in performance management, through executive, scrutiny or council meetings. Executive and scrutiny members make use of information to manage continuous improvement. Scrutiny is outcome-focused, working within the framework of agreed community and corporate plans. The executive and full council have clearly defined roles in performance management;
- The council sets realistic but challenging targets for improvement in performance, linked to the management of resources. The council allows time to monitor and compare performance information. The council uses performance information to focus on priorities and takes effective action to address areas of identified under-performance; and

- The council uses its knowledge about performance to solve performance problems at an early stage and this is widespread and systematic. Information about poor performance and problems is used to inform decision making. The council has a good understanding of the drivers of performance in all areas of activity to support this.

1.3 Under previous arrangements Overview and Scrutiny Committee received budget information once a year as part of the Council's Budget and Policy Framework. Overview and Scrutiny Members had concerns that this was not frequent enough to pick up early signs of under-performance. Therefore at its November 2006 meeting Members agreed to change its financial health monitoring arrangements to allow:

- Presentation of more timely and more detailed information;
- The opportunity for service performance data to influence budget setting decisions
- The opportunity to consider whether sufficient challenge has been given to existing base budgets
- Consider whether specific funding is being directed at corporate priorities as specified in the corporate plan
- Test the continuing viability of the corporate plan through the identification of budgetary pressures that may hinder its delivery
- Challenge how successful the authority is in optimising existing resources and generating external income
- The opportunity for performance and budget data to influence Scrutiny Board work programmes

1.4 Overview and Scrutiny Committee now receives budget information on a quarterly basis. The attached report presents the Council's financial performance for the year ending 31st March 2007. The report contains an analysis of departmental spending and pressures. Officers will be in attendance at today's meeting to answer any questions.

2.0 RECOMMENDATIONS

2.1 Members are asked to note the Council's financial performance for the year ending 31st March 2007 and consider any potential areas for further scrutiny.



**Report of the Director of Resources
Executive Board
Date: 13th June 2007
Subject: PERFORMANCE – OUTTURN 2006/07**

Electoral wards affected:

Specific implications for:

Ethnic minorities

Women

Disabled people

Narrowing the gap

Eligible for call In

Not eligible for call in
(details contained in the report)

Executive Summary

This report presents the Council's financial performance for the year ending 31st March 2007, prior to the submission of the annual accounts to Corporate Governance and Audit Committee for approval, and subject to audit.

As previously reported to Executive Board, a number of services have faced significant financial pressures during 2006/07. An analysis of departmental spending is attached at appendix 1.

However, additional funding sources have been identified in-year to mitigate against these pressures enabling a number of areas of immediate concern to be funded. Debt rescheduling opportunities and savings in interest and cashflow have generated £21.8m and additional income from the Local Authority Business Growth Incentive scheme a further £4.4m, resulting in reserves carried forward of £23.6m.

Variations within the Housing Revenue Account have resulted in a general reserve of £3.4m and an earmarked reserve of £6.0m at 31st March 2007. This is mainly due to an underspend of £2.5m for payments associated with PFI schemes, improved doubtful debts provision and increased rental and property services income.

Spending on capital investment was £33.6m less than programmed - £24.4m of which relates to general fund services. Resources have been used for the HRA and general fund programmes to achieve the cost effective funding mix for the overall programme.

Other areas of year end financial performance reported include schools reserves, Local Area Agreement, the collection of local taxation and sundry income, and the prompt payment of creditors.

1.0 Purpose of this report

- 1.1 The 2006/07 Statement of Accounts will be presented to the Corporate Governance and Audit Committee for approval on the 29th June 2007 and the report of the auditors will be referred back to that Committee in due course.
- 1.2 Following approval by Committee, in accordance with the 2006 Audit and Accounts Regulations, the Accounts will be available for public inspection for 20 days from the 30th June 2007.
- 1.3 Following completion of the audit it is intended to provide information through the About Leeds newspaper in support of the Council's commitment to engage citizens.
- 1.4 Executive Board, as in previous years, are asked to consider the financial performance of the Council during the year and approve the creation and usage of the Council's reserves.
- 1.5 In order to produce local authority accounts which are compliant with UK Generally Accepted Accounting Practice (UK GAAP), the accounting standards governing local authority accounts have undergone significant changes. The main change is the introduction of an Income and Expenditure Account (I&E A/c). This new account aims to present the revenue account in a comparable way to those completed in the private sector.
- 1.6 The consequence of this amendment is that the reported financial position of the Authority in the I&E A/c will show a substantial deficit (£156m restated figure for 2005/06 compared to a previously reported £0.7m surplus), mainly reflecting the depreciation charge and the contribution to the housing capital receipts pool, previously reversed through statute. A new movement on General Fund Balance statement will reflect all the amendments to accounting practice required by law and show the actual outturn position as described below.

2.0 General Fund Outturn – Summary

- 2.1 In overall terms the outturn position for the General Fund now reported will generate an additional contribution to general reserves of £11.6m. This is due to a number of significant variations which are reviewed in section 3 below. In accordance with the Council's approved reserves policy, departmental underspends and overspends are normally to be carried forward. However given the ongoing Council change programme and the realignment of services to the new strategic directorates it is proposed that for 2006/07 departmental under and over spends are not carried forward to 2007/08. It is however proposed that the carry forward policy is reintroduced for 2007/08 onwards.

3.0 Departmental Variations

- 3.1 A summary of variations at departmental level is shown at Appendix 1, and major variations commented upon in the following paragraphs:

3.2. Social Services

- 3.2.1 The budget pressures experienced by the Social Services Department that have been reported during the year have manifested in the department's outturn position. The substantial service improvement and realignment programme is making good progress overall, but there has been some slippage in achieving the budgeted savings. In addition, demand and demographic pressures have continued to impact on expenditure levels. The outturn position is £5.9m higher than the Latest Estimate and the most significant areas of variation are set out below.
- 3.2.2 The service transformation programme delivered £14m (70%) of its £20m target savings by the year-end, but in some areas progress has been slower than anticipated when the

2006/07 Budget was set. Staffing costs were £2m higher than the Latest Estimate, mainly reflecting some slippage within the service transformation programme and pressures within children's residential care.

- 3.2.3 Demand and demographic pressures have particularly affected children's placements and care packages for people with learning disabilities. Increasingly complex needs are affecting both these services, with growing service user numbers also impacting particularly on the learning disability service. Children's placement costs were £1.7m higher than the Latest Estimate, with a further £0.4m in respect of legal costs. Additional costs falling to Social Services in respect of the learning disability pooled budget amounted to £0.5m. Transport costs were £0.9m higher than budgeted, mainly for children's and learning disability services.
- 3.2.4 The cost of community care packages, net of income from the Primary Care Trust, was £2.4m lower than the Latest Estimate. This partly reflects the cost improvements arising from the revised contracting arrangements for residential, nursing and domiciliary care operational from April 2006. Fewer placements being funded has also contributed to the lower spend. This partly reflects increased numbers now being fully funded by the Primary Care Trust under their continuing care responsibilities.
- 3.2.5 A reduction in Supporting People income in respect of efficiency savings required amounted to £0.9m and income from service users was £0.5m less than budgeted. Meals costs were £0.5m higher than the Latest Estimate, reflecting some delay in the planned reconfiguration of the service.
- 3.2.6 After allowing for additional funding of £2.2m approved by Executive Board during the year, Roseville Enterprises achieved a break-even trading position at the year-end.

3.3 City Services

- 3.3.1 The overall position for the department is an underspend of £949k. The major variations are as follows:-
- 3.3.2 Streetscene Services has overspent by £641k. Within Refuse Collection and Street Cleansing additional expenditure of £657k has been incurred in respect of vehicle repairs and absorbing the higher than budgeted for increases in fuel prices. Although the level of recycling across the city has increased to 22.3%, costs associated with the disposal of all waste types were £219k higher than budgeted for. Increases in unit price have partially offset reductions in capacity for electricity generated at the closed landfill site at Gamblethorpe. Additional Government Grant of £414k has been received for dealing with the disposal of hazardous waste.
- 3.3.3 As a result of increased investment in the highways infrastructure and an enhanced inspectorate regime, there has been a reduction in the number of Third Party liability claims. This has resulted in a reduction in the required contribution to the Authority's Insurance Provision of £423k. As a result of the mild winter, there was just 39 grits, and this has generated savings of £238k. In addition within Highways Services, staffing savings (£481k) and additional capital fee income (£155k) help to offset the increased cost of Street Lighting energy (£412k).
- 3.3.4 Income from parking enforcement was £460k below the budgeted level largely due to variations in the level of payments received at the different charge levels. This variation was offset by additional car parking fee income and savings made on other areas of expenditure such as car park maintenance and IT of £660k. Within Facilities Management additional expenditure was required to address dilapidations claims in respect of Belgrave House and Cathedral Chambers (£140k).

3.3.5 Traded Services have provided an additional contribution of £162k, and this largely reflects the performance of the Property Maintenance function where a £525k surplus reflects the delivery of a reduced cost base and increases in turnover.

3.4 Learning and Leisure

3.4.1 The outturn position for Learning and Leisure is an overspend of £1.55m. This is primarily due to additional expenditure within the Parks and Countryside service on staffing, materials and transport of £1.1m.

3.4.2 The Sport & Active Recreation service overspent by £400k. This reflects additional costs relating to the opening of South Leeds Sport Centre, additional Leisure Centre security and set up costs for the Sports Trust and PFI projects.

3.4.3 As previously reported, the loss of the New Deal contract within Jobs and Skills has been a significant issue during the year. Funding of £1.5m was allocated in year pending a structure review. Additional costs of £180k have been incurred in relation to VER and severance costs, but this will result in future permanent salary savings in the budget. In addition a loss of grant income over and above the New Deal contract of £250k was experienced by the service.

3.4.4 Income within Cemeteries and Crematoria was £100k lower than budgeted, whilst maximising the Early Years Children's Centre grant, delivered income of £600k.

3.4.5 The £0.3m net saving on Education services is primarily due to savings on Pupil Support of £0.1m, utilities costs on miscellaneous properties £0.1m and gratuities and ongoing pension costs of £0.1m.

3.5 Neighbourhoods and Housing

3.5.1 Overall the department has achieved a largely balanced position. The main variations within the department are as follows:

3.5.2 Environmental Health has underspent by £0.4m due to savings in staffing costs arising from vacancies and additional income generated.

3.5.3 Housing services overspent by £0.5m primarily due to staffing overspends and increased costs of £0.2m within Homelessness due to increased occupancy resulting from a shortage of affordable social housing.

3.5.4 As previously reported there is an in year shortfall in license fee income from houses in multiple occupancy. After allocating £2.6m to this area as agreed by the Board, there is a further shortfall of £0.9m, although it is anticipated that over the five year license period the scheme will be cost neutral.

3.5.5 Regeneration has underspent by £0.5m primarily due to staffing vacancies across the division and Community Safety has generated additional one off income of £0.1m.

3.6 Development

3.6.1 The overall position for Development is an underspend of £81k. The most significant variations are detailed below:

3.6.2 Expenditure on Planning and Development exceeded the budget by £413k, mainly reflecting additional staffing requirements of £200k and a shortfall on building and planning fees of £250k.

3.6.3 The Asset Management service has underspent by £479k, mainly reflecting staffing savings of £190k, additional surveyor and legal fees of £300k, and additional markets and

rental income of £150k. This is partly offset by an increase of £250k on utility and other costs incurred on securing surplus assets prior to disposal.

3.6.4 Economic Services has underspent by £360k, mainly reflecting savings on staffing and running costs of £120k, additional income of £140k from Yorkshire Forward and developer contributions, and a reduction of £100k in support service costs charged to the division.

3.6.5 Design Services has overspent by £332k, mainly due to an under recovery of fee income in Architectural Design Services, partially offset by other savings within Engineering Services.

3.7 Corporate Services

3.7.1 The overall underspend of £317k is largely due to pay and running cost savings across most services. This is after funding the cost of the Equal Pay Action team (£100K) within Corporate HR.

3.8 Chief Executive's

3.8.1 A delay in the Information Management initiative resulting in an underspend of £85k combined with the net surplus of £77k on the Public Private Partnership Unit are the main factors causing the overall underspend of £134k.

3.8.2 2006/07 is the second full year of operation of Connexions as part of Leeds City Council. It is fully funded by grant income from the DfES.

3.9 Strategic accounts

3.9.1 Spending pressures across the authority are supported by measures taken corporately to balance the approved budget.

3.9.2 In 2006/07 the budget provided for the use of £5m of Highways Section 278 agreements, although the actual receipts in the year were £0.7m less than this. In addition, items more properly charged to capital were assumed to generate reductions of £4.5m in revenue, although the spending pattern in 2006/07 has resulted in a shortfall of £0.5m.

3.9.3 The 2006/07 budget provided for income from the Local Authority Business Growth Incentive Scheme of £5.5m. Income relating to the full year 2006/07 is £4.4m higher than budgeted, although after accounting for allocations made in-year to support departmental pressures, the outturn position reflects additional income of £3m.

3.9.4 Following the finalisation of the provision for insurance claims for the year, the fund requires an additional £0.5m to ensure that adequate cover is maintained. In addition a further £0.4m is required to support the schools fire prevention scheme.

3.9.5 Budget provision of £2.9m was made in the 2006/07 budget relating to Equal Pay compensation costs. However, following a further capitalisation directive of £2.1m from the DCLG in respect of the second phase of the Council's equal pay compensation and the contribution from schools of £1.9m for their element of the payments, £3.8m has been transferred to reserves to fund future potential and on going claims.

3.9.6 Market conditions have presented significant debt rescheduling opportunities during the year, generating substantial discounts and, together with savings in interest and cash flow, savings of £21.8m have been achieved. Overall the average external borrowing rate has been reduced from 5.17% in 2005/06 to 4.78% in 2006/07, which equates to an annual interest rate saving of £2.3m.

The potential for making savings in this area has been reported to Board throughout the year as part of the quarterly financial health monitoring reports and £4m has already been allocated to areas of significant concern.

4.0 Corporate Plan Priority Outcomes 2006/07

4.1 The 2006/07 latest estimate provided for £5.1m additional resources to be directed towards the Council's corporate priorities and there is a £0.3m overall underspend against this position at outturn. Details of the priorities and performance is provided at appendix 2, but in overall terms the Council has been successful in directing the planned level of resources to its priorities and in achieving its desired outcomes.

5.0 General Fund Reserves

5.1 The general fund reserves position at 31st March 2007 is summarised in the table below:

2006/07	Latest Estimate £m	Outturn £m	Variation £m
General Fund reserve			
Balance at 1st April 06	12.0	12.0	
Contribution to	5.3	11.6	6.3
Carried Forward 31st March 07	17.3	23.6	6.3

5.2 In accordance with the approved reserves policy, reserves at 31st March 2007 were budgeted to be £12.3m. As reported to Members in the quarterly financial health reports, in-year departmental pressures have been offset by additional resources. The latest estimate reflected a projected underspend of £5.0m, to be added to general reserves and carried forward to 2007/08. The 2007/08 budget is underpinned by the net use of £4.3m of general reserves to produce a prudent level of reserves of around £13m at 31st March 2008 which is capable of covering the estimated financial risk of the authority as assessed using the risk based reserves strategy.

5.3 The above table shows in a substantial improvement in the budgeted level of reserves to a total of £23.6m at 31st March 2007, but taking account of budgeted use of reserves and other potential liabilities, it is considered prudent to maintain reserves at this level.

6.0 Capital Programme

6.1 The latest approved February 2007 Capital Programme estimated capital expenditure in 2006/07 to be £378.1m, £207.4m for the general fund and £170.7m for Housing.

6.2 The resources available to fund the projected 2006/07 expenditure per the approved February 2007 programme were £370.7m with overprogramming of £7.4m. This compares to actual 2006/07 spend of £344.5m as detailed below.

6.3 General Fund Capital Spend

6.3.1 The following table shows the in year actual expenditure against estimate:

General Fund	Estimate	Estimate (Adjusted)	Outturn	Variation (Adj Est to Outturn)	
	£000	£000	£000	£000	%
Development	55,968	55,985	47,036	(8,949)	-16%
City Services	22,369	25,940	24,472	(1,468)	-6%
Corporate Services	16,182	16,217	12,968	(3,249)	-20%
Learning and Leisure	42,531	42,964	43,141	177	0.5%
Education	31,966	31,990	28,238	(3,752)	-12%
Neighbourhoods and Housing	20,052	20,129	17,391	(2,738)	-14%
Chief Executives	818	818	357	(461)	-56%
Social Services	3,568	3,608	2,450	(1,158)	-32%
Strategic Accounts	13,907	9,710	6,916	(2,794)	-29%
Total Spend	207,361	207,361	182,969	(24,392)	-11.8%

6.4 Housing Revenue Account Capital Spend

6.4.1 The following table shows the in year actual expenditure against estimate:

HRA	Estimate	Outturn	Variation	
	£000	£000	£000	%
Strategic Landlord	595	79	(516)	-87%
ALMOS	170,129	161,420	(8,709)	-5%
Total Spend	171,793	161,499	(9,225)	-5.4%

6.5 Capital Resources

6.5.1 Capital resources to fund the programme have varied. Capital receipts achieved totaled £38.7m, including useable capital receipts from right to buy sales of £11.3m.

6.5.2 Resources from Highways S278 agreements and other funding sources have again been used to support the revenue budget rather than the capital programme as detailed at paragraph 3.9.2 above.

6.5.3 Resources have been used for the HRA and general fund programmes to arrive at the most cost effective funding mix for the overall capital programme.

Details of the expenditure and financing are shown below:

	£m
Net Capital Spend	344.5
Financed by	
Specific Grants and Contributions	65.7
Capital Receipts	38.7
MRA	34.8
Borrowing	201.1
Revenue Contributions	4.2
Total Funding	344.5

7.0 Housing Revenue Account

7.1 As shown in the following table the final outturn position has generated a contribution to balances of £0.2m, a reduction of £0.6m from the £0.8m budgeted contribution.

HRA	Latest Estimate	Outturn	Variation
	£000	£000	£000
Expenditure			
Employees	9,613	9,371	- 242
Premises	2,085	2,471	386
Supplies and Services	12,716	10,186	- 2,530
Transport	239	236	-3
ALMO Management fees	99,433	98,032	- 1,401
Distribution of ALMO reserve	1,946	1,946	0
Internal Charges/ Transfer payments	8,195	7,704	- 491
Provision for doubtful debts	2,300	50	- 2,250
disrepair	711	399	- 312
capital	24,572	24,700	128
Income			
Rents and other charges	- 155,630	- 156,024	- 394
Housing Subsidy	33,755	35,384	1,629
Other Income	- 39,042	- 40,655	- 1,613
Deficit / (Surplus)	893	- 6,199	- 7,092
Transfer To Swarcliffe PFI	2,252	4,350	2,098
Transfer to (from) earmarked reserves	- 3,946	1,604	5,550
Surplus	- 801	- 245	556

7.2. A number of factors have contributed to the year end position. Savings of £2.5m on the budget for supplies and services largely result from delays on the Little London and Beeston Hill and Holbeck PFI schemes. Programmed services associated with the Little London scheme will now be incurred in 2007/08.

7.3. Payments to the ALMO's were £1.4m less than budgeted due to reduced performance incentive payments, especially in relation to contribution to CPA targets. Improved collection of rents, including the impact of a rent free week, together with lower levels of benefit overpayment have enabled the provision for bad debts to be reduced by over £2.2m. Savings of £0.3M have also been achieved in the cost of disrepair through the continued proactive management of claims.

7.4. Rental income exceeded the budget by £0.4m which reflect both improved void levels and higher levels of stock than anticipated.

7.5. Higher stock numbers, as anticipated in previous monitoring reports, has resulted in subsidy being £2.3m less than budgeted. In addition the level of subsidy received for interest on debt has fallen by £1.7m due to a reduction in the Council's average rate of interest on external borrowing. These costs have been partly offset by additional subsidy of £0.7m due to the DCLG compensation scheme for the loss of income arising from the operation of the 5% rent cap and a budgeted contribution from reserves to cover subsidy loss on stock numbers of £2m.

7.6. Higher levels of work than anticipated resulted in additional income of £0.5m for the Property Services of the department.

- 7.7. The additional contribution to the Swarcliffe PFI reserve includes £1.3m in respect to the option of right to buy on the scheme. The contract contains a clause that allows funds that are not spent on property improvement due to right to buy to be paid back to the Council. Although no cash will be paid until year 5, proper accounting requires the gain to be recognised as it is identified.
- 7.8. The £3.9m budgeted contribution from earmarked reserves was made up of the £2m contribution to subsidy and a £1.9m agreed reallocation to ALMOs. These reserves brought forward from 2005/06 have now been released. It is proposed that for 2006/07 a contribution of £5.6m is made to bring the current level of earmarked reserves to £6.1m. The £5.6m increase in earmarked reserves is for the following purposes: £1.0m to be redistributed to ALMO's to assist them in achieving 3 star status; £0.5m to be used to meet the future borrowing costs of demolitions in the EASEL area; and a £4.1m injection to be made into the capital programme to support additional spending towards meeting Decency targets (£3.9m) and to provide for environmental works in the Swarcliffe PFI area (£0.2m).
- 7.9 The effect of the above on HRA working balances is summarised in the table below:

Working Balance a/c	2006/07 L.E. £,000	Actual £,000	Variation £,000
Balance Brought Forward	3,158	3,158	
Transfer from / (to) HRA	801	245	556
Balance Carried Forward	3,959	3,403	556

8.0 Schools

- 8.1 The projected outturn on the Individual Schools Budget for 2006/07 is as follows:-

OUTTURN	£m
Latest estimate	338.2
Projected Outturn	338.9
Variation	0.7
SCHOOLS RESERVES	
Balance Brought Forward	6.8
Net Contribution from Reserves	(0.7)
Balance Carried Forward	6.1

- 8.2 As can be seen from the above table, school reserves stand at £6.1m. These are ringfenced and must be carried forward. However, as previously agreed, temporary transfers have been made to fund Voluntary Early Retirements.
- 8.3 During 2006/07, £0.7m has been repaid, representing one fifth of the £3.4m used to fund VER for the years 2001/05 to 2005/06. The total amount still awaiting repayment amounts to £3.3m (£1.7m from previous years and £1.6m from 2006/07).
- 8.4 The Council's approved financial strategy had previously assumed that PFI/BSF development costs would initially be borrowed from the PFI credit generated in the early years of such schemes. This would then be funded from increase in the Individual Schools Budget over the life of the PFI schemes. Due to changes made by Central Government in the way in which PFI schemes are funded, the credit is no longer sufficient to offset the scale of the development cost. Therefore BSF development costs have now been funded initially by borrowing from school reserves, amounting to £0.8m and £0.9m in 2005/06 and 2006/07

respectively. Further consideration is being given to the future strategy for funding BSF development costs in this way.

8.5 Taking account of these adjustments the net schools reserves position is £1.1m as at 31st March 2007.

9.0 Other Financial Issues

9.1 Education Leeds

9.1.1 The 2006/07 budget for Education Leeds had assumed £1,448k of operating surpluses being used to support the budget. Education Leeds have now reported their financial position for 2006/07 (subject to audit and their Board's approval) and this shows that an underspend of £1,829k against the budget resulting in no operating surpluses being required to be used. This leaves Education Leeds with accumulated surpluses of £2,955k at the close of 2006/07. Projected levels of operating surpluses were taken into account when determining the contract payment for 2007/08 and £1,090k of operating surpluses were agreed as being required to support the 2007/08 Education Leeds budget. This would reduce the level of operating surpluses to £1,865k by the close of 2007/08.

9.1.2 The Education Leeds and Council medium term financial plans assume that operating surpluses will continue to be applied to maintain levels of service delivery and meet service pressures and key Education priorities in future years'.

9.2 ALMOs

9.2.1 ALMOs are reporting an overall surplus for the year of £1.0m. The balance on ALMO reserves brought forward from 2005/06 was £13.8m, giving a reserve position as at 31st March 2007 of £14.8m.

9.2.2 In addition to the operating position reported above, the ALMOs FRS17 liability brought forward from 2005/06 of £5.1m has reduced to just £0.9m mainly through improvements to the value of assets held in the pension fund.

9.2.3 The figures reported above are subject to audit and approval of the ALMO boards.

9.3 Local Area Agreement (LAA)

9.3.1 The overall outturn position for the LAA in 2006/07 was £16.6m (including Neighbourhood Renewal Fund [NRF] of £12.7m) compared to a budget of £16.8m (NRF £12.7m). The LAA Programme Board approved the carry forward of the underspend, with the NRF funds being used to commission additional services in 2007/08 and the remainder being retained by those funding streams which underspent.

9.4 Local Taxation

9.4.1 The performance statistics for the year in respect of the collection of local taxation are as follows:-

	2003/04 Leeds Actual	2004/05 Leeds Actual	2005/06 Leeds Actual	2006/07 Leeds Actual
Council Tax collection	96.2%	96.1%	96.3%	96.4%
Non Domestic Rates	98.0%	98.5%	98.6%	98.6%

9.4.2 The amount collectable for Council Tax has increased by £11.7m, from £209.9m in 2005/06 to £221.6m in 2006/07. Likewise the amount collectable for business rates has increased from £264.0m in 2005/06 to £279.9m in 2006/07.

9.5 Sundry Income

9.5.1 Overall the collection of current year debt and arrears has improved from 83.8% in 2005/06 to 87.2% in 2006/07.

9.5.2 In respect of the current year debt only, the net amount collectable was £115.1 million with a balance outstanding of £15.7m at 31st March 2007. The amount collectable has increased by £17.1m as compared to the comparable figure last year of £98.0m. Unlike Council Tax and Non Domestic rates where the majority of the amount collectable is raised at the start of the year, sundry debt accounts are raised on a monthly basis and the amount of debt raised in any one month can vary significantly. The main contributing factor to the balance outstanding at 31st March is that £13.4m was raised during March alone and £11.1m of this amount was still outstanding on 31st March. The figure of £11.1m had been significantly reduced to £4.4m by 30th April 2007.

9.6 Prompt Payment (BV8 - % of undisputed invoices paid within 30 days)

9.6.1 The outturn for the year was 91.6% of undisputed invoices paid within 30 days compared to a target of 92%.

9.6.2 This is an improvement of 1.1% from 2005/06 and reflects the expansion of the use of purchasing cards and the development of electronic ordering and invoicing of goods. It is anticipated that this improvement will continue as the number of paper invoices passing through the Council is reduced further.

9.7 Annual Efficiency Statement – Backward Look

9.7.1 For 2006/07 the Authority had an efficiency target of £17.93m, being 2.5% of the Authority's 2004/05 baseline expenditure. This was calculated on actual spend for 2004/05, excluding schools, police revenue expenditure and specific one off grants.

9.7.2 At least 50% of the target, £8.97m had to be of a cashable nature, whereby resources are released, as opposed to non cashable efficiencies which result from delivering enhanced outputs for the same inputs. Against the target of £17.93m, the Authority submitted a Forward Looking Statement to the Department for Communities and Local Government totaling £21.01m of which £15.63m was deemed to be cashable.

9.7.3 The efficiencies that have been achieved during 2006/07, in addition to those already identified, are to be reported to the DCLG in the form of a Backward Looking Statement that must be submitted by 5th July 2007.

9.7.4 The Backward Looking Statement for 06/07 has identified efficiencies totaling £21.5m that have been captured during the year. The cumulative value of efficiencies that have been reported by the Authority total £52.7m which, when added to the planned efficiencies captured in the Forward Looking Statement for 07/08, would result in a cumulative total of £65.6m. This exceeds the target over the three year period of £51.2m by £14.4m or 28.1%.

10.0 Recommendations

Members of the Executive Board are asked to:

10.1 note the contents of this report agree the creation of an earmarked reserve and an injection to the capital programme in respect of the Housing Revenue Account as detailed in paragraph 7.8 above.

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Report of the Head of Scrutiny and Member Development

Overview and Scrutiny Committee

Date: 2nd July 2007

Subject: Overview and Scrutiny Committee – Work Programme

Electoral Wards Affected:

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 INTRODUCTION

- 1.1 At the June meeting of Overview and Scrutiny Committee 'Direct Payments' was identified as a scrutiny review.
- 1.2 In addition a number of updates on previous Inquiries were requested. These have been detailed in the minutes of the June meeting and where appropriate appear in the attached work programme. Also since the last meeting a Committee Member has requested that Overview and Scrutiny undertakes an Inquiry into 'officer support for the group offices'.
- 1.3 Given that the Committee does not meet again until September, the Chair has suggested that to progress these Inquiries a working group is set up tasked with scoping the Inquiry terms of reference. It is anticipated that the first Inquiry will begin in September. The Board's current work programme is attached as Appendix 1.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to;
- (i) Confirm the proposed Inquiry topics
 - (ii) establish a working group to draft the Inquiry terms of reference
 - (iii) Consider the Committee's work programme.

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OVERVIEW AND SCRUTINY COMMITTEE - WORK PROGRAMME (JULY) 2007

Item	Description	Notes	Type of item
Meeting date – 2ND July 2007			
Personnel Panel Appeal Arrangements	To review the effectiveness of the new arrangements.	This review will take place with the system having been in place for 18 months	RP
Budget – Outturn report			PM
Meeting date – 3RD September 2007			
Recommendation tracking	Scrutiny Boards will track recommendations made in 2006/07	Recommendations tracked will be those made in the ' Narrowing the Gap ' report. And ' when contracts go wrong ' report	MSR
Performance Management Information	The Committee will receive performance management information covering all departments.	Following receipt of this information the Committee may recommend areas for further Scrutiny.	PM
Planning Performance	To receive and update on progress made on the Planning Review following the OSC Inquiry.		PM/RSR

Key:

CCFA / RFS – Community call for action / request for scrutiny

RP – Review of existing policy

DP – Development of new policy

MSR – Monitoring scrutiny recommendations

PM – Performance management

B – Briefings (Including potential areas for scrutiny)

SC – Statutory consultation

CI – Call in

OVERVIEW AND SCRUTINY COMMITTEE - WORK PROGRAMME (JULY) 2007

Meeting date – 1ST October 2007			
Scrutiny of the Budget	To receive and consider quarter 1 financial report.		PM
Recommendation tracking	To receive information from other Scrutiny Boards relating to progress on meeting recommendations made in 2006/07		MSR
Meeting date – 5TH November 2007			
Disability Equality Scheme	To receive a progress report on the implementation of the action plan.	The Committee has been reviewing the scheme. The Committee endorses the Council's approach to a combined equality scheme.	PM
Performance Management Information	The Committee will receive performance management information covering all departments.	Following receipt of this information the Committee may recommend areas for further Scrutiny.	PM
Recommendation tracking	Scrutiny Boards will track recommendations made in 2006/07	Recommendations tracked will be those made in the 'Narrowing the Gap' report.	MSR

Key:

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CI – Call in

OVERVIEW AND SCRUTINY COMMITTEE - WORK PROGRAMME (JULY) 2007

Meeting date – 3RD December 2007			
Scrutiny of the Budget	To receive and consider quarter 2 financial report.		PM
Recommendation tracking	To receive information from other Scrutiny Boards relating to progress on meeting recommendations made in 2006/07		MSR
Meeting date – 7TH January 2008			
Meeting date – 4TH February 2008			
Performance Management Information	The Committee will receive performance management information covering all departments.	Following receipt of this information the Committee may recommend areas for further Scrutiny.	PM
Scrutiny of the Budget	To receive and consider quarter 3 financial report.		PM
Recommendation tracking	Scrutiny Boards will track recommendations made in 2006/07	Recommendations tracked will be those made in the 'Narrowing the Gap' report.	MSR

Key:

CCFA / RFS – Community call for action / request for scrutiny

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DP – Development of new policy

MSR – Monitoring scrutiny recommendations

PM – Performance management

B – Briefings (Including potential areas for scrutiny)

SC – Statutory consultation

CI – Call in

OVERVIEW AND SCRUTINY COMMITTEE - WORK PROGRAMME (JULY) 2007

Meeting date – 3RD March 2008			
Scrutiny of the Budget			PM
Recommendation tracking	To receive information from other Scrutiny Boards relating to progress on meeting recommendations made in 2006/07		MSR
Meeting date – 7TH April 2008			
Annual Report			PM
Unscheduled Items			
Working Groups			
Working group	Membership	Progress update	Dates of meetings

Key:

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PM – Performance management

B – Briefings (Including potential areas for scrutiny)

SC – Statutory consultation

CI – Call in