
Executive Members for City Strategy and Advisory Panel

16 March 2009

Report of the Director of City Strategy

2008/09 THIRD MONITORING REPORT ECONOMIC DEVELOPMENT AND PARTNERSHIPS - FINANCE & PERFORMANCE

Summary

1. This report presents the latest projections for revenue and capital expenditure by Economic Development and Partnerships, as well as performance against target for:
 - National Performance Indicators (NPIs)
 - local performance indicators
 - Customer First targets (letter and telephone answering)
 - Staff Management targets (sickness absence & appraisals completed)

Background

2. This is the third monitoring report for 2008/09 combining financial and service performance information for the Economic Development and Partnerships Service to be brought to City Strategy EMAP.
3. The performance data included is that which is reported as part of the Council plan each year.

Financial Summary

4. The current approved budget is £2,580k, including further adjustments for £115k directorate recharges, £93k for the Thriving City agenda and £11k for pay and electricity price increases. Current projections are that the Economic Development and Partnerships service will outturn on budget. The key variances identified are detailed in the table below. There are also a number of areas where members receive a regular update and these are set out below in paragraphs 5 to 23.

	£'000	%
<i>£+58k shortfall on Newgate market tolls continuing the underlying downward trend in market income across the country. This is offset by £-4k additional income from the electricity substation in the compactor yard; £-8k saving through restructuring the markets cost base from October 2008; and £-8k from operational budgets.</i>	+38	+7
<i>£-21k savings in city centre from additional income from events and operational savings to offset the market income shortfall</i>	-21	-9
<i>£-12k saving in the Strategic Partnership team due to staff vacancies earlier in the year offset by £+5k additional costs</i>	-7	-1
<i>£10k Savings identified across the service area to offset overspends</i>	-10	-0.1
Total Economic Development	0	0

York Training Centre (YTC)

5. York Training Centre continues to support the City's strategies for improving skills and reducing NEET (not in employment, education or training) figures for school-leavers. The achievement statistics have been outstanding this year and YTC was rated the top provider in North Yorkshire for Apprenticeship achievement by the local Learning and Skills Council. YTC was awarded the Matrix quality standard in June 2008 and the report from the external assessor highlighted many areas of good management, examples of best practice and staff, learner, employer and partner satisfaction.
6. A new Apprenticeship programme with six Business Administration Apprentices commenced in City Strategy in September 2008. The six young people will spend two years in the directorate, moving between departments on a rotational basis. NVQ and Technical Certificate Training is provided on a day release basis at YTC and it is hoped that other Council directorates will follow the City Strategy lead and identify Apprenticeship programmes. A paper went to CMT on 11 February to encourage other Council departments to become involved. Feedback from learners and departmental heads show that the first four-month placements ending December 2008 had been very successful on both sides.

7. York Training Centre and Adult and Community Learning are working together to offer a range of NVQ qualifications to local employees (including Council workers) using Train to Gain funding. Employees can gain NVQs free of charge or partially funded, dependent on their previous qualification levels. Train to Gain is being actively promoted within the Council and 9 staff have already signed up out of a total of 49 in York. As well as direct marketing by YTC/ACL, the Chief Executive has also involved the Council's Workforce Development Team in identifying appropriate Council employees, though this now requires further input.
8. YTC continues to manage the Council's Training and Development Centre but financial constraints on both sides are leading officers to discuss the future of this facility with the new Head of HR. A mapping exercise of Core Training Programme courses against NVQs has been carried out and submitted to the new Head of HR for further discussion.
9. YTC is working increasingly with colleagues in LCCS, particularly Adult and Community Learning and the Danesgate Skills Centre. A joint Self Assessment Report has been submitted to the Learning and Skills Council for YTC and ACL this year, including overall grading judgements on the quality of leadership and management. The overall grade awarded for the joint provision was a Grade 2 (good – on a scale where 1 is outstanding).
10. At the end of the last financial year the York Training Centre reserves are £18k. The anticipated out-turn in the 2008/09 financial year is to break even.
11. A potential loss on the schools programme was reported to the last meeting. Since then action has been taken to declare four posts redundant. One person successfully applied for an alternative post at YTC, two of the redundant staff are currently on work trials with other CYC departments and one will transfer to LCCS in mid-February. The Redeployment Register system worked very well for the employees involved and if the trials are successful, all will have gained alternative work within CYC and their skills have not been lost to the Council.
12. Consideration is currently being given to the future of the Reception area of 20 George Hudson Street. A potential cost saving has been identified and one of the job-share Receptionists retires in March 2009. Consultations are currently being undertaken with all occupants of the building to look at their requirements for a Reception service and alternatives. Discussions are also taking place with the Property Manager regarding scope for alterations if the Reception area as it stands, is to close.

Future Prospects

13. Future Prospects provides the local community with an access point for exploring options for employment, career development, education and training. It is a partnership organisation between City of York Council and York College. It is funded by the partners and attracts small amounts of additional funding from appropriate sources. There has been no call for unbudgeted council resources during the year.
14. In response to the publication of the Index of Multiple Deprivation figures Members agreed, through the Executive Meeting on 9th September, to fund some additional work through Future Prospects, targeted at the one small area around Kingsway in the Westfield Ward. In order to increase their presence in the area it was agreed that a 0.5 post for a Community Learning and Work Adviser be created for one year to offer a range of targeted intense support through the delivery of:
 - personal self development (accredited or non accredited)
 - confidence building,
 - stress management
 - benefits and funding advice, including better off calculations
 - employability skills workshops such as CV creation, Application Techniques and Interview Skills
 - 1-2-1 individual support around developing increased employability skills
 - Information Advice and Guidance around learning and work options
 - Brokerage to training,
 - delivery of accredited learning such as OCN provision
 - informal IT classes and taster sessions

This anticipated work totals £32,300 with £26,043 already spent. It is considered that the full £32,3k will be spent by the end of September.

15. Over the last month both the "credit crunch" and the issues around uncertainties and the capacity of the CAB, has put additional demand on the services offered at Future Prospects, especially around the work of benefits advice in relation to taking up learning and work. Management are currently actively seeking extra funds to meet this increased need.

Thriving City

16. At the 21st October meeting of the Executive, members approved a report which highlighted actions that the City Council can take, with partners, to assist business and individuals during the economic downturn. A variety of initiatives were discussed and five chosen for funding. These follow with spend to date:

- i. Match funding of £50k to establish an Enterprise Fund administered through the Eco Business Centre at Clifton Moor. This money has been transferred to the fund in full and marketing is taking place to raise awareness of this fund.
- ii. Support for enterprise training with schools to be developed by North Yorkshire Business & Education Partnership. This money, £10k, has been paid to the partnership and a programme will be implemented.
- iii. Support to sustain the activities of the erstwhile City Centre Partnership. The money (£20k in total) is currently being used to support the work of the Retail Forum and Retail Strategy Group alongside new initiatives.
- iv. Investment of an additional £3.5k for an updated "York on a Budget" booklet to be produced by the Citizens Advice Bureau. A final draft is imminent and can then be signed off and the money paid.
- v. Investment of £2.8k to provide 3 credit union community saving points. Discussions over a Service Level Agreement are proceeding, as are discussions over potential locations with ward committees.

Science City

17. Progress continues to be made through Science City York Ltd to achieve the targets set out in funding contracts with Yorkshire Forward. The evaluation of this contract is now in its final stages and the evaluation report will be issued during March 2009, and published on the Yorkshire Futures website.
18. Yorkshire Forward have confirmed additional £279k of interim funding to be provided to Science City York between April and September 2009. This will enable a business plan to be completed with a review of functions undertaken by Science City York, particularly taking account of the Government's Business Support Simplification programme. It is anticipated that the business plan for Science City York will be completed by the end of March and will commence in October 2009.
19. Science City York have submitted two European Regional Development Fund (ERDF) bids to Yorkshire Forward. The "Specialist Services for Business Growth and Innovation" project (contract value £3million) is to be presented to the Yorkshire Forward panel on 12th February for final decision. A further bid – "Embedded Business Space and Technology Transfer" (contract value - £19.5 million) - was presented to the Yorkshire Forward Board on 30th October 2008 and received formal approval. This

has now gone forward to the European Commission for further appraisal and it is anticipated that a final decision will be received by March 2009.

20. In January 2009, Science City York launched “The Phoenix Centre”, a new facility developed in direct response to feedback from the Creative York and IT & Digital York networks for a centrally located incubation facility to support local creative and digital sectors. This is independently housed within the main campus of York St. John University, and will open its doors in April to provide affordable space for new ventures, with access to specialist technical facilities as well as sector specific business support, mentoring and training. The project is funded by £80k of Yorkshire Forward capital funds available under Science City York’s existing contract with Yorkshire Forward.

Markets (+£38k)

21. Members will be aware that over the last two financial years there has been a shortfall in income following reductions in stall take-up of £65k. The Executive agreed to a supplementary estimate of £20k to reduce the target in 2008/09 however a forecast of £58k deficit is still anticipated. The popularity of open markets is in significant decline nationally and, in spite of a range of new initiatives designed to increase trading, a loss continues to be made. This shortfall has been partly offset by miscellaneous income (£-4k); a restructure of the staffing arrangements for the markets which was effective from October 2008 (£-8k); plus operational savings (£-8k).
22. The new Market’s Management regime, brought about as a result of a recent restructure, is already looking at a number of initiatives to tackle the shortfall and address some of the Market’s problems in the short term; including working closer with the traders themselves.
23. A major review of market fees and charges was approved as part of the last monitor report.

Performance Overview

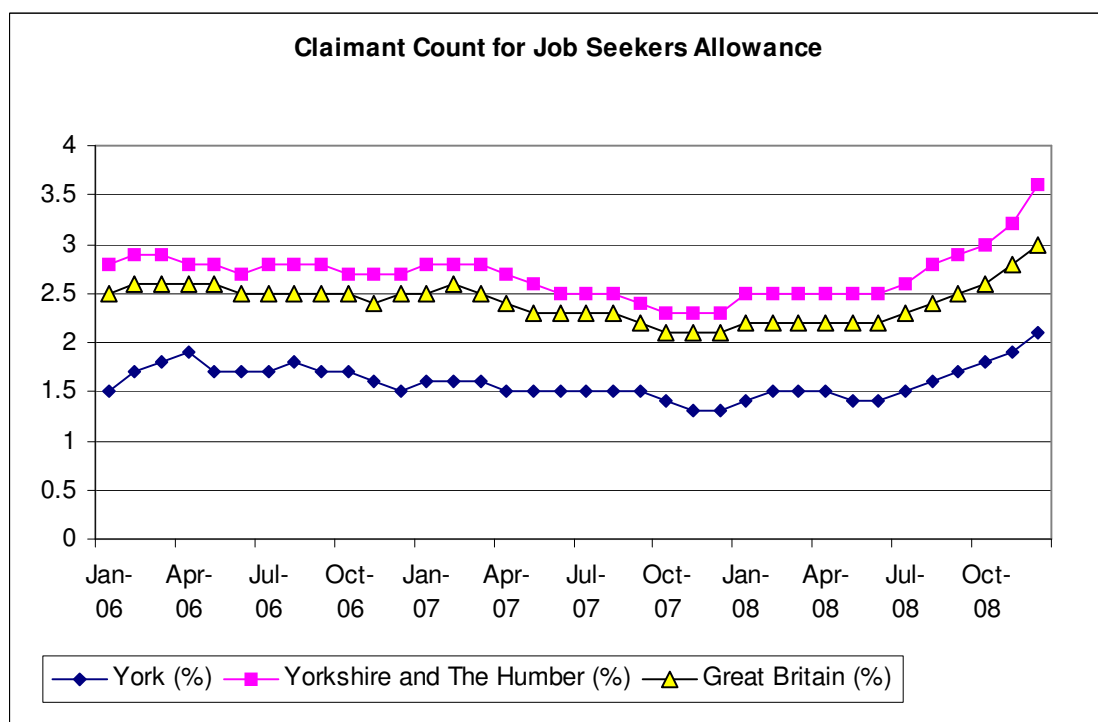
24. Performance indicators for the Economic Development and Partnerships service plan are attached as Annex 1.
25. Indicators showing areas of success and concern are reported on an exception basis below:

Performance indicator	Q1-3 2007/08	Q1-3 2008/09	Target 2008/09	Performance vs trend	Performance vs target
VJ15 : York's unemployment rate below: a) the regional rate b) the national rate	a) 1.5% below b) 1.1% below	a) 1.40% below b) 0.99% below	a) 1.5% below b) 1% below	a) ✗ b) ✗	a) ✗ b) ✗
VJ15c: (business confidence) balance of firms expecting turnover to rise in the future rather than fall	17.9%	10.2%	20%	✗	✗
VJ15d: balance of firms where turnover has grown rather than fallen	35.7%	1.3%	20%	✗	✗
NPI 152: Working age people on out of work benefits (6 month data delay)	7.16% (Q1 07/08)	6.98% (Q1 08/09)	7.10%	✓	✓
CCP3: Percentage of stall take ups in Newgate Market	72.22%	71.60%	70%	✗	✓

26. The performance of VJ15a, VJ15b VJ15c and VJ15d reflect the continued national and international economic downturn. Falling consumer and company demand brought about by the generally difficult economic conditions, difficulty of obtaining credit and the feeling of uncertainty have negatively affected the performance indicators.
27. City of York Council is currently working with business forums and the business community to fully understand the different issues affecting the city. Additionally the pro-active 'Thriving City' report, the Economic Development Programme, Business Forums and Visit York are investigating ways to improve York as a visitor and business location.
28. NPI 152 (Working age people on out of work benefits) is currently performing at 6.98% for 1st April to 30th June 2008. This betters the set target of 7.10% and 2007/08 Quarter 1 figure of 7.16%. Furthermore performance is significantly better than the comparative Yorkshire and Humber region figure of 11.90% and the Great Britain figure of 11.60%.
29. The figure for NPI 152 measures progress on reducing unemployment and is calculated using the main out-of-work client group categories which are:

- Unemployed people on Jobseekers Allowance
- Lone Parents on Income Support
- Incapacity Benefits
- Other income related benefits.

30. The data for NPI 152 is taken from the Office of National Statistics and the figures are released with a 6 month delay¹. However the claimant count for those on job seekers allowance, one of the benefit streams used to calculate NPI 152, can be collected monthly. The graph below shows the percentage of people claiming job seekers allowance.



31. The graph shows that after July 2008 the percentage of people claiming Jobseekers allowance has risen though but follows a national and region trend. Furthermore York remains below Yorkshire and Humber and Great Britain performance.

32. CCP3 (percentage of stall take ups in Newgate Market) is currently performing just below the comparative time period in 2007/08 but is still above target. A new market manager has been appointed and is being proactive in promoting the market and its shopping experience. New incentives and schemes are being introduced to encourage both traders and customers. These include 'Love Your Great British Market Month', revision of stall prices, media coverage and publicity as well as incentives for traders. Additionally the Market Team are working with the City Centre Team to investigate the feasibility of introducing & creating a "Newgate

¹ At the time of publishing the data for 1 July to 30 September 2008 was not available.

Quarter" similar to the Minster Quarter whereby the market links up with traders in Colliergate, the Shambles & Kings Square in promoting trading areas.

33. Sickness absence for Economic Development and Partnerships is 6.46 days per FTE for 1 April 2008 to 31 December 2008. This level of performance is slightly higher than the 6.06 days lost to sickness for the same time period in 2007.
34. For Economic Development and Partnerships 93.13% (representing 13585 out of 14587) telephone calls were answered within 20 seconds between 1 April 2008 and 31 December 2008. This is below the corporate target of 95%.
35. Further details on performance data can be obtained from the City Strategy Performance Officer.

Capital Programme

36. The Economic Development and Partnerships capital programme comprises of two schemes for 2008/09.

	Latest 2008/09 Budget £000
Eco Business Centre (Amy Johnson Way)	58
Visitor Information Centre	100
Total	158

37. The York Eco Business Centre building handover by Helmsley Group to the Council took place on 18th August while the site at Amy Johnson Way has been now been purchased by the new building's owners and the agreement with the Council settled. The building is now leased by the Council on an 11 year lease and will be managed for the first two years by York, Selby and Malton Business Advice Centres Ltd trading as York Business Advice Centre. After this initial period the management of the centre and business management services must go out to competitive tender. The building is awaiting only its wind turbine for completion and this is expected to be installed in early March. 42 small businesses have so far moved in - 70% of the building's capacity. The provision of available space at the Eco Business Centre has greatly assisted those businesses recently displaced from Tower Court.
38. Work is progressing on the new Visitor Information Centre operation, regarding the relocation of the VIC service from the De Grey Rooms to 1

Museum Street, with advanced discussion between the Council (City Strategy and Property Services), York Conservation Trust and Visit York. The Conservation Trust has been carrying out a number of works on the interior and exterior of the building, and a final design for the VIC operation is being agreed prior to progressing detailed work on completing a high quality VIC to open in May 2009. Yorkshire Forward are also in discussions with officers and may provide additional funding for the refurbishment.

Conclusions

39. The Economic Development and Partnerships Service is expected to outturn on budget of £2,580k. It is proposed that all budgets will continue to be carefully monitored throughout the year and remedial action taken where appropriate to ensure the budget is balanced by the end of the year.
40. Performance on key indicators are on target. Levels of sickness absence are better than 2007/08 for the comparative time period. The Directorate management team have successfully reviewed individual cases re sickness absence and have improved management training in order to address any further issues.

Consultation

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

Options

42. This report is primarily for information and therefore provides no specific options to Members.

Corporate Priorities

43. The principal function of this report is to provide a snapshot of the directorate's financial performance during the 2008/09 financial year. As such it contributes to the proper financial management of the authority.

Other Implications

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

Risk Management

45. Budget monitoring is a key element of the management processes by which the council minimises its financial risks. This report provides members with a detailed position of the portfolio's performance to date in 2008/09.

Recommendations

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

Reason – In accordance with budgetary and performance monitoring procedures.

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Wards Affected:

All

For further information please contact the author of the report

Background Documents:

2008/09 Budget Monitoring files held in City Strategy Finance Performance Management Framework held by Business and Policy Development

Annexes

Annex 1 Economic Development Performance Indicators