

Executive Members for City Strategy and Advisory Panel

10 September 2007

Report of the Director of City Strategy

2007/08 FIRST MONITORING REPORT ECONOMIC DEVELOPMENT SERVICE - FINANCE & PERFORMANCE

Summary

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

Background

- 2 This is the first monitoring report for 2007/08 combining financial and service performance information for the Economic Department 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 £2,264k, including £7k carried forward from 2006/07. Current projections are that Economic Development will outturn at £2,274k, an overspend of £+10k. 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 16.

	£'000	%
<i>£+40k shortfall on Newgate market tolls following a spell of unsettled weather on top of an underlying downward trend in market income across the country. This is offset by £-4k additional income from the electricity substation in the compactor yard.</i>	+36	+14

<i>£-15k savings in city centre from additional income from events and operational savings</i>	-15	-42
<i>£-20k saving in the Strategic Partnership team due to staff vacancies earlier in the year. All posts have now been filled.</i>	-20	-12
<i>The costs of the Future York which has been meeting over the last 6 months to discuss the future of the city amount to £+22k. The council is looking for a contribution from Yorkshire Forward towards these costs.</i>	+22	+100
<i>The contribution to Key Cities following changes to include other cities within region has resulted in a reduced contribution of £-8k. Further £-5k savings have been made in business support due to reductions in contributions.</i>	-13	-19
Total Economic Development	+10	0.1

York Training Centre

- 5 As reported to previous meetings the work of the York Training Centre (YTC) is dependent on external contracts (mostly funded from external income) and is subject to regular reviews of their trading position. The significant changes introduced in the last financial year, to deal with reducing external funding, have been fully implemented. YTC delivers a wide range of training programmes including Apprenticeships and Advanced Apprenticeships, first level NVQ level 2 qualifications in conjunction with Adult Community Education, other national vocational qualifications in partnership with other organisations and pre-apprenticeship programmes aimed at reducing the number of young people in the city not in Education Employment or Training (NEET). YTC's work related learning provision for many of the most disaffected school pupils (mainly year 10 and 11) firmly supports the government's 14-19 education agenda as well as contributing towards some of the city's Corporate Strategy priorities. YTC also plays a leading role in the implementation of the government's new National Diploma programme.
- 6 Although the financial position is expected to remain tight, a recent income and expenditure projection exercise suggests that a break-even position will be achieved at year-end. This will be reviewed continuously and any changes reported as necessary.

Future Prospects

- 7 This is a busy time in the city, particularly in the area of redundancy. Future Prospects are currently operating an on-site support service for Nestle,

British Sugar and Remploy. This is in addition to a range of smaller redundancies. In partnership with the Learning and Skills, City of York Council through Future Prospects (FP) offers support for individuals at risk of redundancy to access other employment and brokers skills and training opportunities for those people looking at changing careers. This will continue throughout the next year.

- 8 FP continues to target specific groups and communities and projects working with minority ethnic groups, disabled people, homeless, teenage parents and carers continue to thrive. FP remain active in the Super Output Areas targeting 'hot-spots' and working closely with Jobcentre Plus and other community partners.
- 9 FP are leading on the council's worklessness proposal for the city. This has been developed in conjunction with the Economic Development Unit and a proposal is currently with strategic funding bodies, including Yorkshire Forward, Jobcentre Plus and the Learning and Skills Council.
- 10 Demand from migrant workers from EU accession countries, primarily Polish people, remains high. FP now has a Polish Learning and Work Adviser to meet demand and respond to this need.

Science City

- 11 Science City is moving to a new level of activity by creating a 'vehicle' for its further development formalising the existing successful partnership between the City of York Council and the University of York into a company limited by guarantee. The Council and the University are the main shareholders. This new organisation is supported by Yorkshire Forward as observers on the new Board and as the major investor in its activities.
- 12 To support the development of the new company a Chief Executive, Richard Hutchins, previously Director of Business and Enterprise at Advantage West Midlands, has been appointed and will take up his position on the 20th August 2007.
- 13 In March Science City York (SCY) signed a contract with Yorkshire Forward to utilise £2.63m of Northern Way funding to enhance the activities of SCY by creating a series of three "Spokes" linked to the existing SCY business development "Hub" enabling the project to deliver specialist services in three locations; the Technology Centre at the University of York promoting bioscience, expansion of the York Science Park to create additional offices and exhibition/seminar rooms and a full fitted-out Digital, Creative Technologies Centre on the Terry's Chocolate Works development.

Markets (+£40k)

- 14 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 £35k to £40k. It is considered that this trend will continue in 2007/08. 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. Further initiatives are being considered.

Grants and Partnerships

- 15 The Executive approved the contributions to York Citizen Advice Bureau (CAB) at its meeting 30th January 2007. The contribution was set at £126.6k plus discretionary rate relief. At that time however the Executive agreed to review the level of grant following the council's outturn position. The Executive were provided a report (General Fund – Provisional Revenue Outturn 2006/07 (26th June 2007)) which showed an underspend of £2.29m transferred into reserves. The Executive Leader is therefore recommended to the Executive an additional one-off contribution to the CAB of £2.5k for 2007/08 to be funded from reserves.
- 16 The Council also has reserves that can be used to fund non-recurring expenditure, which will leave the contingency available to fund recurring items. CPA recommend that a minimum level of revenue reserves is held, and for 2007/08 the minimum recommended level is £5.201m. It is estimated that there will be approximately £2.050m of other revenue reserves available, thus the level of the general fund balance should not fall below £3.151m. The current level of the general fund balance, after deducting Member approvals to date and requests part way through the democratic process, is £3.56m. The approval of this value will not have a material impact on the overall level of reserves.

Performance Overview

- 17 Performance indicators for the Economic Development service plan are attached as Annex 1.
- 18 Where necessary more detailed information is given on the performance of certain indicators on an exception basis below.

Performance indicator	Q1 2006/07	Outturn 2006/07	Q1 2007/08	Target 2007/08	Performance vs trend	Performance vs target
CCP3: Percentage of stall take-ups in Newgate Market.	68.70%	71.93%	72.62%	73.00%	✓	✗
VJ15a: York's unemployment rate below the regional rate	1.5% below	1.5% below	1.5% below	1.5% below	Stable	✓
VJ 15b: York's unemployment rate below the national rate	1.2% below	1.2% below	1.2% below	1% below	Stable	✓

- 19 CCP3 (The percentage of stall take-ups in Newgate Market) is currently performing above the comparative period in 2006/07 but below the 2007/08 target of 73%. An action plan implemented in 2006/07 aimed to attract more traders and included additional advertising, customer research, a new market brochure, a customer charter and an enhanced maintenance programme as well as plans to attract new casual traders to come and stand on the market. Though there has been an increase in stall allocations compared to quarter 1 2006/07 stall take-ups are dependent on favourable weather conditions and it is possible that the performance of this indicator will be affected due to recent bad weather conditions.
- 20 VJ15a (York's unemployment rate below the regional rate) and VJ15b (York's unemployment rate below the national rate) are both on target and show stable performance compared to the same time period in 2006/07. It is anticipated that the difference between the York unemployment rate compared to national and regional levels will stay stable through 2007/08.
- 21 Sickness absence for Economic Development is 2.79 days per FTE for the first 3 months of the year. This level of performance is better than the corporate target of 3 days per FTE.
- 22 For Economic Development 95.37% (representing 6607 out of 6928) telephone calls were answered within 20 seconds in Quarter 1. This is above the corporate target of 95% and the corporate average of 93.57%.
- 23 Further details on performance data can be obtained from the City Strategy Performance Development officer.

Capital Programme

- 24 The Economic Development capital programme comprises of two schemes for 2007/08.

	Original 2007/08 Budget £000	C/ forward from 2006/07 £000	Current 2007/08 Budget £000
Small Business Workshops (Amy Johnson Way)	0	258.9	258.9
Visitor Information Centre	250	0.0	250
Total	250	258.9	508.9

- 25 A report on the progress of the Eco Business Centre was taken to City Strategy EMAP on 6th June 2007. It provided Members with an update on the final design and internal layout of the building, details on the heating, cooling and water storage systems and proposals for the management of the facility, taking into account changes in the provision of official business advice and support services in the sub-region. While the developers and their agents are now in a position to begin construction, certain legal issues

over the land have yet to be settled before building can begin. Asset and Property Management are addressing these issues with all due speed together with the city council's legal services team and external solicitors acting for the Council.

- 26 A report outlining the results of the feasibility study looking at the future provision of visitor information in the city is discussed separately on this agenda .

Conclusions

- 27 Economic Development is expected to overspend its budget of £2,264k by £+10k. It is proposed that all budgets are carefully monitored throughout the year and remedial action taken where appropriate to ensure the budget is balanced by the end of the year.
- 28 Performance on most key indicators is improving or on target. Levels of sickness absence are above the council average and corporate target. The Directorate management team are reviewing individual cases re sickness absence and also looking into improved management training in order to address the issue.

Consultation

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

Options

- 30 Members have the opportunity to support or otherwise the recommendation to the Executive to provide an additional contribution of £2.5k to the York Citizens Advice Bureau.

Corporate Priorities

- 31 The principal function of this report is to provide a snapshot of the directorate's financial performance during the 2007/08 financial year. As such it contributes to the proper financial management of the authority.

Other Implications

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

Risk Management

- 33 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 2007/08.

Recommendations

- 34 That the Advisory Panel advise the Executive Leader to
- a) approve the financial and performance position of the portfolio.
 - b) recommend to the Executive an additional one-off contribution of £2.5k to the York Citizen Advice Bureau.

Reason – In accordance with budgetary and performance monitoring procedures.

Contact Details

Author:
Patrick Looker
Finance Manager
City Strategy
Tel No.551633

Sarah Milton
Performance Officer
City Strategy
Tel No.551460

Chief Officer Responsible for the report:
Sian Hansom
AD Resource and Business Management

Report Approved Date 23/08/2007

Bill Woolley
Director of City Strategy

Report Approved Date 23/08/2007

Wards Affected: All

For further information please contact the author of the report

Background Documents:

2007/08 Budget Monitoring files held in City Strategy Finance
Performance Management Framework held by Business and Policy
Development

Annexes

Annex 1 Economic Development Performance Indicators