
Executive Members for City Strategy and Advisory Panel

8 September 2008

Report of the Director of City Strategy

2008/09 CITY STRATEGY FINANCE & PERFORMANCE MONITOR ONE REPORT

Summary

1. This report presents two sets of data from the City Strategy directorate
 - a. the latest projections for revenue expenditure and capital expenditure for City Strategy portfolio,
 - b. Monitor 1 (2008/09) performance against target for a number of key indicators that are made up of:
 - i. National Performance Indicators and local indicators owned by City Strategy¹
 - ii. Customer First targets (letter answering)
 - iii. Staff Management Targets (sickness absence)

Background

2. This is the first monitoring report for 2008/09 combining financial and service performance information to be brought to City Strategy EMAP.
3. 2007/08 was the last year when it was statutory to collect and report on Best Value Performance Indicators (BVPIs). Though BVPIs are now reported locally to Directorate Management Teams and Executive Member Advisory Panels they have been superseded by a new indicator suite, National Performance Indicators (NPIs).
4. This new national indicator set for local authorities and local authority partnerships was made official on 1st April 2008. The indicators have been developed as part of the Comprehensive Spending Review 2007 so that they reflect the Government's priorities. The 198 Indicators will be the only means of measuring government agreed national priorities. Additionally the new indicators aim to strengthen the incentives for closer partnership working to deliver joined up outcomes. This is because they apply (where applicable

¹ Unless otherwise specified City Strategy excludes Economic Development as this service area is reported separately.

and relevant) to other local partners such as the police, Primary Care Trusts and Job Centre.

- For City Strategy there are 23 National Performance Indicators. The majority of these are annual and therefore will not be reported on until the end of the financial year. In some instances the NPIs are completely new and consequently there may not be any set targets because there is little or no historical information. However targets will be set for 2009/10 using 2008/09 performance as a baseline figure.

Management Summary

Financial Overview

- The budget for the City Strategy portfolio was set at £16,983k. Since then members have approved the carry forward of £31k budgets from 2007/08, which has resulted in a current budget of £17,014k. These budget adjustments are shown in Annex 1.
- Current projections are that the City Strategy directorate will overspend by £+228k which represents 0.6% of the gross expenditure.
- The financial position for each service area is dealt with separately in the following sections. The overall position can be summarised as follows:

	Expend Budget £000	Income Budget £000	Net Budget £000	Projected Outturn £000	Var'n £000	% of gross exp
City Development & Transport	28,079	13,310	14,769	14,872	+103	+0.4
Planning	3,833	2,602	1,231	1,362	+131	+3.5
Resource & Business Manag't	4,617	3,603	1,014	1,008	-6	-0.1
City Strategy	36,529	19,515	17,014	17,212	+228	+0.6

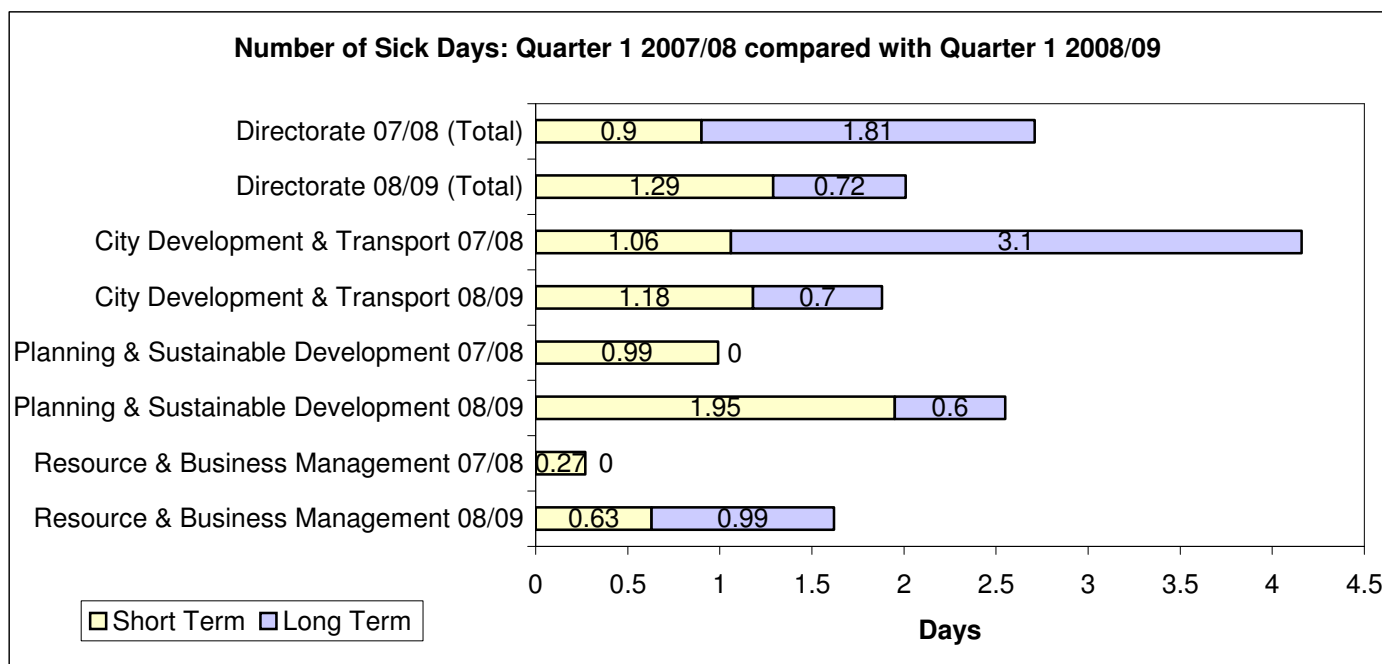
Note: '+' indicates an increase in expenditure or shortfall in income
 '-' indicates a reduction in expenditure or increase in income

- The overall projected position shows a £+228k overspend. Details of the major variances are shown in the sections below whilst overall budget summary is shown in detail in Annex 1 and further details of the variations are shown in Annex 2.

Performance Overview

- Some consistent and noteworthy performance includes:
 - BVPI 157a: Percentage of major planning applications determined within 13 weeks

- all enquiries at reception are dealt with within 10 minutes, and this has consistently been the case since 2002/03
 - BVPI 106 the percentage of new homes built on previously developed land
11. Regular monitor reports, reminders and coverage at Directorate Management Team meetings are supporting staff and increasing the knowledge of and awareness in meeting these targets. The Customer First statistics are as follows:
- The Customer First figures show that City Strategy answered 90.25% (representing 278 out of 307) of letters between 1 April 2008 and 30 June 2008 within the Councils 10 days standard.
 - For the City Strategy 95.36% (representing 40,709 out of 42,688) telephone calls were answered within 20 seconds in quarter 1 despite there being an increase of 9,428 calls compared to quarter 1 2007/08. This meets the corporate target of 95% and is above the corporate average of 94.18%.
12. Sickness for City Strategy is currently at 2.01 days per FTE for the first three months of the year². Performance is better than the corporate target of 2.75 days for quarter 1 and the average corporate sickness figure of 2.32 days. Additionally sickness performance has improved compared to the 2.81 days per FTE achieved in the comparative time period in 2007/08. Sickness is monitored regularly and stricter protocols and manager guidance have been put in place. Long term and short term sickness has been broken down for quarter 1 2008/09 and is illustrated in a graph below.



² For information: The total sickness figure for City Strategy if Economic Development were included is 1.79 days.

13. Set out below is more detailed information on performance in each service plan area.

City Development & Transport

Financial Overview

14. The current projection shows an overspend within the City Development and Transport Service Plan of £+103k, or +0.4% of the gross expenditure budget. A detailed analysis of the revenue budget variances is shown in Annex 1. The key reasons for the overspend are:

- Staff vacancies within the service area £-108k.
- Shortfall in car parking income of £+156k
- Shortfall of income from Penalty Charge Notices £+220k
- Underspends on parking operational budgets £-33k
- Projected underspend on concessionary fares / bus tokens £-180k
- Shortfall of Park & Ride licence fee income £+48k

Car Parking

15. The table below shows detail of income from Car Parking to 31st July 2008 compared to the budget and the position to the same date in 2007/08.

	Income to 31 st July 2007 £'000	Income to 31 st July 2008 £'000	2008/09 Forecast £'000	2008/09 Budget £'000	Variance to budget £'000	%
Short Stay	692	632	1,979	2,079	+100	4.8
Standard Stay	1,178	1,010	3,123	3,205	+82	2.3
On Street	164	157	467	441	-26	-5.9
Respark/ Season Tickets	193	158	682	682	0	0
Total	2,229	1,957	6,251	6,407	+156	+2.4

16. The table shows that there is a projected shortfall of £156k for the year from car park income. Members will note that the shortfall is due to reduced demand at short stay and standard stay car parks. The majority of car parks are showing lower than anticipated income of between 4% and 25% although this has been offset from income at Haymarket that was assumed to close early in the financial year. It is difficult to categorically state the reasons for

variations in car park income however increases in costs of goods such as food and fuel and the “credit crunch” is impacting on the country’s economy which will reduce levels of discretionary spending which will impact on car parking.

17. There is a forecast shortfall of income from Penalty Charge notices (PCN’s) totalling £220k compared to the budget of £762k. This is a continuation of shortfalls in the previous two years of £155k in 2007/08 and £113k in 2006/07. This downturn can be attributed to a number of factors – reduction in the parking enforcement team as part of the 2006/07 budget, a national reduction in illegal parking due to the knowledge that parking is enforced, a greater emphasis on on-street enforcement rather than car park enforcement which is more time consuming and leads to fewer PCN’s being issued, and reduction in the issue of PCN’s for trivial offences. Overall the level of PCN’s issued has reduced from 28,500 in 2005/06 to an anticipated 16,700 in 2008/09.

Concessionary Fares

18. Members will be aware that the national bus pass was introduced from 1st April 2008 which allows bus pass holders from across the country free bus travel across England. The cost of the free travel is reimbursed by the local authority where the journey begins. In the 2008/09 budget additional resources were made available to the City Strategy to fund both the shortfall of budget from previous years as well as additional resources from the government to fund the move to a national scheme.
19. Data for the first quarter of the year from the main bus operator (which accounts for approximately 75% of the councils costs) indicates that there will be approximately 3.9million trips undertaken compared to the 4.1million trips that was assumed as part of the budget process. This is compared to 3.1million trips in 2007/08. The financial impact of these trips results in a projected saving of £150k. It is important to note that as this is the first year of the national scheme there is no truly comparative historic data.
20. The table below shows the numbers of claimants within the York area, which shows a reduction in the number tokens claimants, offset by the increase in bus pass claimants.

	2006/07	2007/08	2008/09	Difference
Token Claimant	15,900	13,000	7,800	-5,200
Bus Pass Claimant	24,000	27,000	33,200	6,200
Total Claimant	39,900	40,000	41,000	1,000

21. There have been 1,500 less people claiming tokens than was assumed resulting in a saving of £30k on the token budget.

Bus Services

22. A report was presented to Executive 29th July 2008 recommending changes to subsidised bus services following an increase in the tender prices above the current budget level. The Executive agreed to a number of extensions to current services that need to be negotiated. Officers are in the process of implementing the recommendations. The projections in this report assume it will be possible to implement within the £40k agreed (to be funded from reserves) however a request for funding will be made at Monitor 2 when the costs of any new contracts will be known.

Performance Overview

23. Performance indicators on the City Development & Transport service plan are attached as Annex 3.
24. Performance indicators showing areas of concern and success are reported on an exception basis below.

PI Description	Q1 2007/08	Target 2008/09	Q1 2008/09	2007/08 vs. 2008/09	Actual vs. Target
BVPI 106: The percentage of new homes built on previously developed land	100%	65%	95.83%	✗	✓
BVPI 215a: The average time taken to repair a street lighting fault in calendar days where the response time is under the control of the local authority.	1.78 days	5 days	0.69 days	✓	✓
LTP9a(i):Park and Ride total passengers	751,732	3.14m	781,319	✓	✗

25. BVPI 106 (% of new homes built on previously developed land) the performance of 95.83% for the first quarter of 2008/09 exceeds the government set target (65%) due to the large number of homes built on brown field sites. Despite such a good performance if it is compared to quarter 1 2007/08 the percentage of new homes built on previously developed land has fallen slightly which may reflect the consent that has been given for development on several Greenfield sites. It is anticipated that this indicator may not achieve the same levels as in previous years.
26. BVPI 215a (The average time taken to repair a street lighting fault in calendar days where the response time is under the control of the local authority) has performed significantly better than both the target of 5 days and the quarter 1 07/08 figure. The new systems implemented in both night repairing and night scouting has resulted in fast response times. That coupled with routine maintenance has seen a very good result.

27. LTP9a(i) (Park and Ride total passengers) just falls short of the 2008/09 set target with performance of 781,319 passengers in quarter 1. However performance has improved compared to 2007/08 when in quarter 1 there were 751,732 park and ride passengers. This is an increase of 29,587 passengers over the three month period. The increase can be attributed to the introduction of the English National Concessionary Fares Scheme which entitles pass holders to travel free on all bus services in England.
28. The Customer First figures show that City Development and Transport answered 91.45% (representing 246 out of 269) of letters between 1 April 2008 and 30 June 2008 within the council's 10 days standard. This does not meet the corporate target of 95%.
29. Sickness absence for City Development & Transport is at 1.88 days per FTE for the first 3 months of the year. This level of performance is better than the corporate quarter 1 average of 2.32 days and the corporate target of 2.75 days for quarter 1.
30. For City Development and Transport 95.93% (representing 18,948 out of 19,752) telephone calls were answered within 20 seconds in quarter 1. This is above the corporate target of 95% and the corporate average of 94.18%.

Planning and Sustainable Development

Financial Overview

31. Current projections are that there will be an overspend within the Planning and Sustainable Development service plan area of £+131k, or +3.4% of the gross expenditure budget. A detailed analysis of the revenue budget variances is shown in Annex 1. The key reasons for the underspend are:
 - £+200k shortfall in building control income.
 - £+210k shortfall in land charges income.
 - £-100k surplus on development control fees
 - £-132k additional grant funding from Housing & Planning Delivery Grant.
 - Savings from staffing vacancies across the sections £-72k

Land Charges and Building Control Income

32. The current slump in the housing market is resulting in a sharp decline in income. The housing market is the lead indicator in the construction industry. Falls in house sales, and the impact that has on interest rates, slow down the whole construction industry. This results in a combination of i) new houses are not being built, ii) extensions are not being built due to rises in interest payments and iii) people increasingly carrying out home improvements instead of moving or extending.

33. This has resulted in a reduced number of applications, however the income value of those applications falls substantially. Current projections are that income will be £200k below the £732k annual budget.
34. Most indicators point to worsening conditions in the market. Data from Britain's biggest mortgage lender shows house prices have fallen by more than 10 per cent in the last year, a bigger fall than seen at any time during the housing market crash of the early 1990s. The construction market is cyclical and will return to boom conditions. However this may be several years away. The level of income will be closely monitored as the year progresses.
35. The impact on Land Charges has been even greater due to the dramatic slowdown in the housing market. Current projections are that income will be £272k for the year £210k below the budget of £482k. For information the average income levels collected over the last three years was c.£575k per annum.
36. It should be noted that vacancies are being held in both land charges and building control included in the forecast staffing underspend of £72k.

Housing & Planning Delivery Grant

37. The Housing & Planning Delivery grant (H&PDG) was introduced by the Government in 2008/09 as a replacement for the Planning Delivery Grant. (PDG). However whilst PDG focussed on improvements in planning performance as the main driver for allocating the grant the H&PDG is more focussed on rewarding Local Authorities who are able to deliver increases in housing supply. The allocation for City of York Council for 2008/09 was announced in mid July and totalled £415k split £277k revenue grant and £138k capital grant. This compared to an assumed revenue budget provision of £145k.
38. The allocation for York is much better under the new system as the national allocation of £100m shows York received 0.415% of the total value compared to 0.21% under the old system.
39. The additional £132k is proposed to be used to offset shortfalls in land charges and building control income highlighted above.

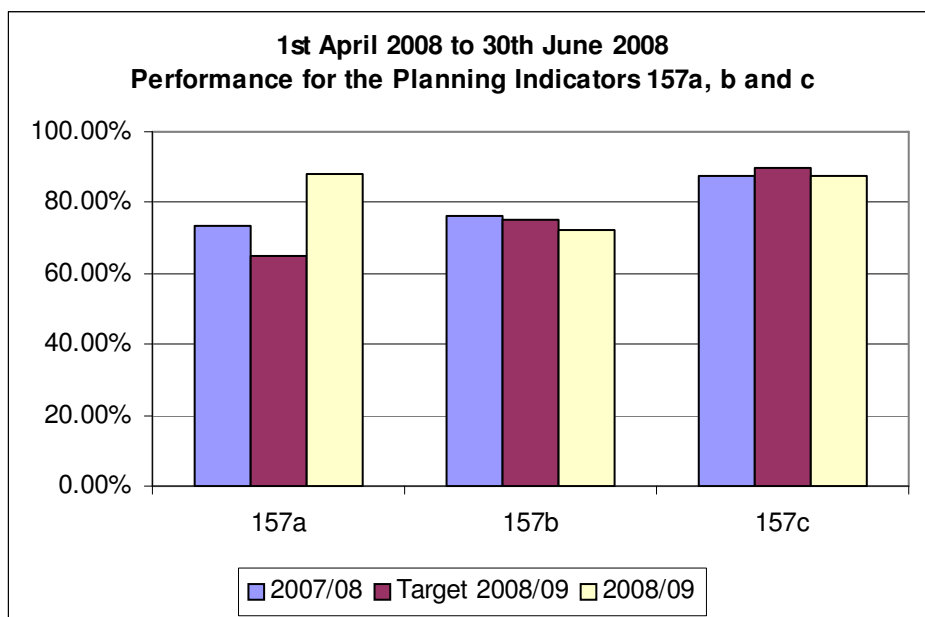
Performance Overview

40. The indicators on the Planning and Sustainable Development service plan are attached as Annex 4. Where appropriate indicators are reported below in more detail.

PI Description	Q1 07/08	Target 2008/09	Q1 2008/09	07/08 vs 08/09	Actual vs. Target
BVPI 157a % of major planning applications determined within 13 weeks	77.78%	70%	88.24%	✓	✓

BVPI 157b % of minor planning applications determined within 8 weeks	77.5%	75%	72.13%	x	x
BVPI 157c % of other planning applications determined within 8 weeks	88.72%	92%	87.60%	x	x

41. The quarter 1 2008/09 performance figure for BVPI 157a (major applications) of 88.24% represents 15 out of 17 applications being determined within 13 weeks. This significantly better the set target of 70% and the 2007/08 quarter 1 outturn of 77.78%.
42. The quarter 1 2008/09 performance figure for BVPI 157b (minor applications) of 72.13% is just below the set target of 75% and represents 88 out of 122 applications that were determined within 8 weeks. The 2008/09 performance does not better the 2007/08 quarter 1 performance of 77.5%.
43. BV157c (other applications) has achieved a 2008/09 quarter 1 figure of 87.60% which is just below the target of 92%. This represents 451 out of 511 applications determined within 8 weeks. This indicator is also performing below the 2007/08 quarter 1 performance of 88.72%.
44. Two experienced DC officers staff are on maternity leave, and 3 others have left the Authority in the last year. Difficulties in recruiting and temporarily replacing experienced DC officers has led to significant pressure on remaining staff in trying to maintain application performance in categories b and c. The submission of detailed applications for large scale major sites has exacerbated this problem since the remaining experienced officer are spending a large proportion of time on single applications, to the detriment of performance with Minor and Other applications. The number of changes to the planning regime e.g. new validation requirements, new categories of applications, new fees, changes to the General Permitted Development Order have meant time has to be taken to learn and adapt. Inquiry dates for four medium sized appeals generating significant amounts of additional work in the months prior to the Inquiries have fallen closely together over the summer period, further demanding officer and support staff time. However, performance still currently remains above the national performance indicators.
45. Unaddressed the decline in category b and c performance would continue as (despite the economic downturn) the submission of larger schemes tying up key officers continues. However Agency staff have now been recruited to support the staffing levels at this time, funded through the larger fees being received from the major applications
46. The performance of these three indicators is represented graphically in the chart below:



47. The Customer First figures show that Planning and Sustainable Development answered 87.1% (representing 27 out of 31) of letters between 1 April 2008 and 30 June 2008 within the Councils 10 days standard. This is below the corporate target of 95%.
48. Sickness absence for Planning and Sustainable Development is at 2.55 days per FTE for the first 3 months of the year. This level of performance is better than the corporate target of 2.75 days for quarter 1.
49. For Planning and Sustainable Development 94.77% (representing 17,040 out of 17,980) telephone calls were answered within 20 seconds in Quarter 1. This is just below the corporate target of 95% but above the corporate average of 94.18%.

Resource and Business Management

Financial Overview

50. Current projections are that Resource and Business Management will underspend by £6k in 2008/09. This underspend assumes that the saving from not replacing the Assistant Director (Resource and Business Management) of £85k is used to support the corporate restructure saving target.
51. The main variations are listed below:
- The contribution required as part of the joint waste project with North Yorkshire is significantly higher than budget due to the complex financial and legal issues involved at this key stage of the procurement. The additional costs for the year are anticipated to be £200k above the budget. This is offset by a saving of £30k from underspends on employee costs of staff directly employed on the project.

- Additional assumed dividend from Yorwaste of £155k will offset the overspend above.
- Saving to the directorate following the early repayment of the Venture Fund Loan to fund the DEDS restructure which was paid off as part of 2007/08 year end. The in year saving is £59k.

52. It is recommended that the Executive agree to the one-off virement of £155k between the waste procurement and Yorwaste income budget

Performance Overview

53. The performance indicators on the service plan for Resource and Business Management are attached as Annex 5. This service plan holds the cross cutting performance information for the directorate of City Strategy; for example, indicators relating to Health and Safety, Human Resources, Customer First and Finance. These figures have been provided without in depth analysis for information (as in previous City Strategy EMAP reports).

54. Sickness absence for Resource and Business Management is at 1.62 days per FTE for the first 3 months of the year. This level of performance is better than the corporate target of 2.75 days for quarter 1.

55. For Resource and Business Management 93.20% (representing 3,331 out of 3,574) telephone calls were answered within 20 seconds in Quarter 1. This is slightly below the corporate target of 95%.

Portfolio Capital Programme

56. The City Strategy capital programme is comprised of over 200 individual schemes and has a budget of £8,439k. The budget is funded from a number of sources including the Local Transport Plan, Government Grants, Developer contributions and CYC capital resources as detailed below.

	Total £000s
LTP element	5,116
Government Grant	825
Developer and other contribs	743
CYC resources	<u>1,755</u>
Total	<u>8,439</u>

57. The detailed update on progress is reported elsewhere on this agenda. However, brief details of the current and proposed budget allocations and are set out below:

	<u>Original Budget £000s</u>	<u>Proposed Budget £000s</u>
Access York Major Scheme	420	420
Outer Ring Rd / James St Link Rd	200	200
Multi-modal schemes	950	750

Air Quality, Congestion /Traffic Mgt	270	300
Park and Ride	300	300
Public Transport Schemes	805	830
Walking Schemes	371	371
Cycling Schemes	840	869
Development Linked Schemes	153	153
Safety Schemes	242	242
School Schemes	229	229
Residual Schemes	100	100
LTP Structural Maintenance	2,735	2,735
CYC Structural Maintenance	1,620	1,620
City Walls	145	145
Oulston Reservoir Valve	25	25
Total	9,405	9,289
Over-programming	-966	-850
	8,439	8,439

58. It is currently assumed that the capital budget will be fully spent during the financial year.

Conclusions

Financial Overview

59. The provisional outturn position for the portfolio shows an overspend of £+228k for the financial year. This is made up of key identified overspends totalling £+1,117k offset by identified savings totalling £-889k.
60. The primary reason for the level of the projected overspend is due to the impact of the economic slowdown on the directorate's income budgets. Projected shortfalls in building control, land charges and Parking income total £566k which can all be partly attributed to economic factors outside the control of the directorate. The other major pressure within the directorate is the shortfall of income from Penalty Charge Notices which is a continuation of a trend for three years.
61. The directorate identified the downturn of penalty charge notices as a pressure within the contingency when the budget was set. The level identified in the contingency was £180k compared to the projected shortfall of £220k. It is recommended that the Executive Member request that the Executive approve the release of the contingency to support the City Strategy budget. If that is approved a forecast budget deficit will remain totalling £48k.
62. The General Contingency for 2007/08 was set at £800k. Potential areas that might require funding during the year were identified as part of the budget process, and totaled over £2m, which included £750k for costs connected with Highways PFI bid. To date £34k has been released leaving £766k available. It is too early to know yet how many of the identified areas of financial pressure will be brought before Members for funding. The key pressures identified where there may be a need for additional funding

included within the £2m, are: downturn in parking penalty charge notice income, concessionary fares and children's social care costs. This issue was included in the £1.989m identified as possible recurring pressures in the budget. Any release from the contingency will obviously reduce sums available for distribution during the remainder of the year. The balance available, if this application of £180k is approved, will be £586k.

63. There were further areas that the directorate had identified possible requests from the contingency – additional flooding costs (£60k), Dial & Ride service (£46k), warping expenditure (£15k) and Concessionary Fares £200k. Based on the forecasts in this report there is no requirement to bid for any of these items. However in the case of dealing with flooding emergencies and warping these costs are predominantly incurred in the second half of the year.
64. It should be noted that a number of the more high risk budget areas above which the directorate has little control over such as parking income, land charges income, building control income and concessionary fares are based on three to four months of actual data. They will need to be monitored very closely to ensure that if variations change remedial action in other areas of the budget can be recommended in future monitoring reports.

Performance Overview

65. Directorate customer first targets are generally not being achieved. Planning performance has fallen slightly however performance on other key indicators has improved and is meeting targets.

Consultation

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

Options

67. Members have the option of whether to support the request of a supplementary estimate from contingency or whether to require the Director of City Strategy to deliver alternative savings.

Corporate Priorities

68. 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.

Financial Implications

69. The financial implications of the report are included in the financial overview section of the conclusions (paragraphs 58-63).

Other Implications

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

Risk Management

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

Recommendation

72. That the Advisory Panel advise the Executive Member to
- a) note the financial and performance position of the portfolio.
 - b) recommend to the Executive to release a contingency sum of £180k to support pressure on the Penalty Charge Notices budget.
 - c) Approve the one-off virement of £155k between Waste procurement budget and Yorwaste dividend income.

Reason – In accordance with budgetary and performance monitoring procedures

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Report Approved **Date** 18/08/08

Specialist Implications Officer(s) *List information for all*
Implication ie Financial *Implication ie Legal*
Name *Name*
Title *Title*
Tel No. *Tel No.*

Wards Affected:

All

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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	Expenditure by Service Plan
Annex 2	Service Variations against budget
Annex 3	City Development and Transport Performance Indicators
Annex 4	Planning & Sustainable Development Performance Indicators
Annex 5	Resource & Business Management Performance Indicators