

Economic and City Development Overview and Scrutiny Committee

19 November 2013

Report of the Director of City & Environmental Services

2013/14 Finance Monitor 2 Report

Summary

1. This report provides details of the 2013/14 forecast outturn position for both finance and performance in City & Environmental Services and Housing Services.

Analysis

Finance – forecast outturn overview General Fund

2. The current outturn position within the City & Environmental Directorate (excluding Highways, Waste & Fleet) is a projected overspend of £45k on a total net budget of £1,842k. Economic Development has a budget of £769k and is expected to outturn on budget. The Housing General Fund has a budget of £1,066k and is expected to underspend by £78k. Service Plan Variations by service plan are shown below:

| | Net Budget £'000 | Projected Outturn £'000 | Variance £'000 |
|--|---------------------|----------------------------|-------------------|
| City & Environmental Services | | | |
| Strategic Planning & Transport | -705 | -666 | +39 |
| City Development & Sustainability | 1,046 | 925 | -121 |
| Director's Group | 636 | 609 | -27 |
| Mitigation | | -250 | -250 |
| Total | 977 | 618 | -359 |
| | | | |
| Economic Development | 769 | 769 | 0 |
| | | | |
| Housing Services | | | |

| | | | |
|----------------------|-------|-----|-----|
| Housing General Fund | 1,066 | 988 | -78 |
|----------------------|-------|-----|-----|

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

3. Details of the main variations by service plan are detailed in the following paragraphs.

Strategic Planning and Transport (£+39k)

4. Car Parking income is forecast to be £250k below budget which is made up of £107k short stay, £290k standard stay, £11k on-street and £58k surplus on Respark and season tickets. The shortfall equates to 4%.
5. There is expected to be £115k saving from concessionary fares and reduced use of taxi cards, shortfall of £45k on park & ride income, an underspend of £42k on employee costs where a number of posts are unfilled. Income from transport projects is expected to be £50k higher than expected.
6. Additional income from ANPR cameras (£50k) and saving in the transport review budget (£50k), travel plans (£25k) and signal electricity (£20k) are offset by an expected shortfall in income from providing shared CCTV and traffic systems (£54k).

Planning and Sustainable Development (£-121k)

7. Income from planning applications and land charges has recovered following an increase in activity by developers and in the housing market. Latest forecasts indicate that there will be additional income from planning (£60k) and from land charges (£20k). However, income from building control is still expected to be £70k below budget.
8. The Development Projects Team has £56k saving from a vacancy and from adoption leave, offset by £8k redundancy cost. Within the rest of service area there are 2 staff secondments, saving £63k.

Director's Group (£-27k)

9. There is £-27k saving from vacant posts.

Economic Development (£nil)

10. The current forecast is that Economic Development will outturn on budget.

Housing Services (£-78k)

11. The review of the Housing Services General Fund budgets indicates at monitor 2 that the service will be £78k under budget. This is mainly due to additional income and staff vacancies in Housing Options and homelessness.

Finance Housing Revenue Account (HRA) - Non General Fund account

12. The budgeted working balance at 31st March 2014 on the HRA is £12,082k and this review indicates a net underspend of £295k, leaving a projected working balance of £12,377k. The underspend includes £62k from vacancies and utilities savings, £49k from additional rents, £84k from higher management fees, leaseholder administration and works recharges and £100k saving from a reduced contribution to the provision for bad debt.

Mitigation (£-250k)

13. To offset the shortfall in parking income and budget shortfalls in other services such as waste, additional savings have been made from the CES directorate (50k), additional funding for the Regeneration Team (£100k) and from use of s106 balances (£100k).

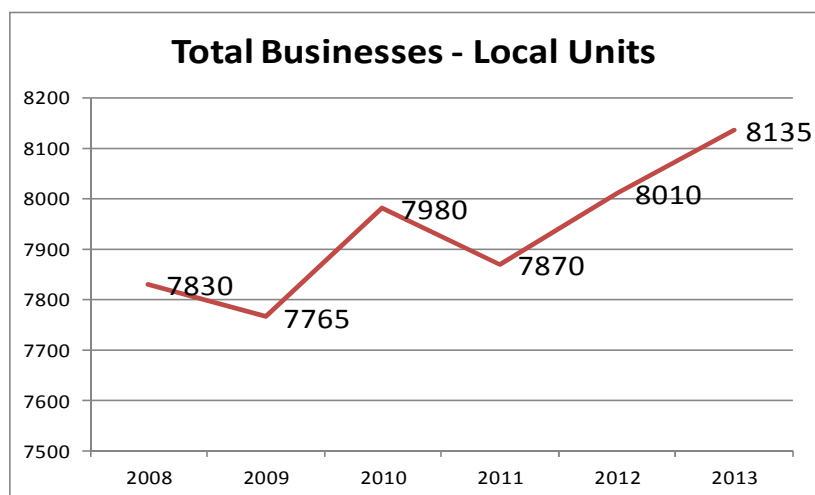
Performance Update

Create Jobs and Grow the Economy

Economy

14. New businesses are up from 8010 in 2012 to 8135 (1.9% increase) and city centre footfall has improved between June and September with a 1.9% percentage point improvement in the

average year to date figure. Welcome news, given the decline noted in the previous report.



15. The council has also recently agreed to invest in footfall cameras at key points across the city centre to gain a greater insight into resident and visitor use and movement around the city, to inform future investment decisions. Despite the challenge of retaining healthy footfall numbers to support local businesses, York still has the 2nd lowest shop vacancy rate in the country after Cambridge.
16. In order to consolidate this strong position, the council is identifying the sector-specific support needed to enable businesses in the city's key sectors to grow. Continued EIF investment in the city will also help to secure York's strategic position within the region and globally, most notably through Re-invigorate York's public realm improvements in Kings Square and an investment of £1.5million in the city centre market refurbishment scheme. The council is also launching the Yorkafter5 initiative, aimed at improving the offer available to visitors and residents in the evening in the City.
17. There has been significant movement in the financial year in terms of the growth in planning activity, with planning applications received or determined including major new housing sites at the Tannery, Strensall, Breck's Lane, Strensall, the former Sessions site, Huntington. Planning application fee income is more than 12% higher, whilst pre-application advice fee income has more than doubled compared to the same period last year, reflecting the recent upsurge in developer confidence and the strength of York's position as an attractive place to invest. The growth agenda as encapsulated in the emerging Local Plan has led to owners and developers of 'Preferred Sites' coming forward to discuss the potential for early delivery.

18. Many of York's longstanding brownfield sites have been the subject of planning approvals or renewed interest. The former Terry's factory site has outline approval, with Phase 1 of the 270 new-home element now submitted in detail. Phase 2 of the Hungate redevelopment has been submitted for approval with early commencement on site anticipated shortly afterwards.
19. On Piccadilly, following 3 recent approvals the former White Swan Hotel building, vacant for about 30 years, will soon be reoccupied as a shop on the ground floor and affordable housing above, whilst the building just south of the bridge will be converted to 10 apartments, and the 'Banana Warehouse' premises will be redeveloped to create 37 flats and two shops.
20. Formal pre-application discussions are ongoing regarding the former British Sugar site, with an application for approximately 1,000 new homes anticipated in Spring next year.
21. Planning permissions have been granted to facilitate the provision of two Primark stores, one in the city centre and one at Monks Cross.
22. Investigation of funding streams to unlock the development and workshops with stakeholders is underway regarding York Central to bring about phased regeneration.

Employment

23. Actions in York are demonstrating positive results on employment. Despite the slow economic recovery, York remains resilient, with a comparatively small loss of private sector employment (-3.7% between 2008 and 2012), whereas e.g. Leeds saw a loss of -9.2%. This strong employment market in York likely to continue with new businesses such as John Lewis and Hiscox recruiting this year. Two job fairs organised by the council have already seen over 1800 prospective candidates attend and £200k of EIF funding is being used to better connect residents to job opportunities, all helping to further drive down unemployment.
24. Consequently, the proportion of Workless Households in York is at its lowest point since 2005, at 13.2%. This compares well to the much higher regional figure of 19.2% and the national figure of 18.1%. The proportion of Children in Workless households has also decreased over the same time period, another welcome

downward trend as the council strengthens its approach to tackling poverty.

25. The proportion of people claiming Job Seekers Allowance dropped to 1.7% in September 2013, the lowest JSA rate since October 2008. This represents a decrease of 740 claimants since September 2012. Out of 64 UK cities, York remains the third least affected with respect to Job Seekers allowance claimants since February 2008.
26. However, recent data suggests that public sector cuts are beginning to bite in York. The city is highlighted in new ONS data as the most affected local authority in the region for the percentage loss in public sector employment. This was anticipated, given York's high public sector workforce and will continue to be a challenge for the city. The council's focus on bringing more jobs to the city is therefore crucial to offset this ongoing reduction.
27. Youth unemployment and longer term claimants remain an issue, although this is a national trend and not unique to York. Locally, the longer term outlook is moving in the right direction with youth unemployment decreasing by 230 in the year to September 2013 and longer term claimants reducing by 205 from 1 year ago.
28. York's schools have a significant role to play in preparing our young people for work and providing an environment where they can excel and achieve their full potential. Educational attainment results show significant and tangible improvement over the previous year putting York in a strong position regionally and nationally. Overall York's children are achieving good and improving results but there remains work to do in some of York's schools.

Get York Moving

29. The council welcomed the recent news that York is one of only four areas across the country to receive a share of the £16.5m Better Bus Area funding from the DfT. This will help drive up bus performance and passenger numbers and the council aims to increase passenger numbers in York by 18% by 2015. It is working closely with local bus operators to improve service reliability and offer more incentives to travel by bus. These include First's recent bus fare reduction and the introduction of bus smartcards followed

by the council's programme of improvements to bus stops and signage that starts next month.

30. In the last three months, the Green Bus Fund has also been awarded £750k to invest in seven electric buses and a further £1.93m of funding has been secured to invest in bus priority measures between the York Designer Outlet and the Germany Beck junction.
31. Residential Personal Travel Planning is a significant component of i-Travel York. throughout 2013 and 2014, the program will be targeting 12,500 households in the Northern Quadrant of York, engaging with residents in a conversation about their travel issues and offering information, ideas and incentives for them to try out new sustainable travel options, as well as running a number of community events in the area.
32. Over the summer over 6,000 households were approached in the Clifton and Rawcliffe areas, with 2,228 households actively participating in the programme. An after care survey found that:
 - 37% of respondents said they were walking more often
 - 38% said they were cycling more often
 - 23% said they were using the bus more often
 - a. 32% of respondents said they were using their car less, estimating an average 18 miles per week less driving.
33. Cycling activity continues to increase at peak times and the first York Sky Ride also encouraged over 5,500 people to get on their bikes as part of another successful Festival of Cycling.
34. York has also secured Department for Transport funding of over £250,000 from the government towards new electric vehicle charging points throughout the city.
35. The 2013 Big York Survey identified affordable housing as the third most important issue requiring improvement and whilst projects are underway, concern still remains. There is some movement in this area, with a £2m scheme to build 18 affordable homes in Elvington currently being developed by York Housing Association. This will be for people with a local connection and in housing need and is due for completion August 2014.

Build Stronger Communities

Housing

36. Plans to build between 50 and 70 new homes as part of a first phase of new council housing are progressing with a planning application for the former Beckfield Lane refuse site being approved recently. The development will provide 27 new homes, with 9 apartments and 18 houses. Fifty per cent of the houses will be for market sale to create a mixed tenure community. The nine apartments are intended to form a bespoke 'down-sizing' scheme, aimed at council and housing association tenants who are under-occupying larger family houses.
37. The council plans to boost and improve York's private rented sector through a new private sector housing strategy which was launched as part of the housing summit in October.
38. The policy on Direct Exchanges and transfer concerning rent arrears has been relaxed - tenants with low level arrears can now exchange if they are affected by the spare room subsidy providing they demonstrate a commitment to reducing their debt. This has resulted in Completed Direct exchanges increasing by 70% on the same point last year, making best use of housing assets.

Homelessness

39. To mitigate the effects of welfare reform on rent arrears and increases in other debt a corporate Welfare Reform Task group has been established which includes voluntary sector partners. Residents directly affected by changes have been identified and a range of initiatives to raise awareness and provide support is underway including: the creation of two 'Money & Employment Adviser' posts to provide advice on debt, benefits, and training and employment opportunities to individuals and families.
40. Housing Options service is using £27k DWP grant to target advice and support to tenants affected by Local Housing Allowance changes in collaboration with the Salvation Army. A 'Gateway service' a drop in and telephone advice service provided by CAB and partners is up and running.

41. Despite pressures created by welfare reform the level of rent arrears has remained stable from the same point last year. We estimate that approximately £50k of the current tenant rent arrears is due to the effects of the spare room subsidy. Over 600 council tenants are still affected by this policy change, but the work of the Money and Employment Advisers to offer advice to these tenants, and the changes to facilitate direct exchanges continue to help reduce this figure.
42. The number of homeless households in temporary accommodation has reduced from 99 at year end (and at the same point last year) to 92 at Qtr1, which is a significant achievement, especially in relation to a 9% increase in this measure nationally. Welfare reform continues to contribute to a challenging context nationally with the number of homelessness decisions and acceptances increasing by 5% compared to the same point last year. In York, we are seeing an increase in numbers approaching us for assistance and advice, but the number formally presenting for decisions has decreased significantly (by 32%). This is due to the very proactive prevention work which is taking place, including the implementation of a dedicated Housing Options worker in the customer centre, who is able to deal with a significant proportion of customers without the need for a formal presentation. Customers are also helped into accommodation in the private rented sector through YorHome, and through North Yorkshire HomeChoice for social housing.

Implications

43. There are no financial, human resources, equalities, legal, crime & disorder, information technology, property or other implications associated with this report.

Risk Management

44. The report provides Members with updates on finance and service performance and therefore there are no significant risks in the content of the report.

Recommendations

45. As this report is for information only, there are no recommendations.

Reason: To update the scrutiny committee of the latest finance and performance position.

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**Report
Approved**



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