

Economy and Place Policy and Scrutiny Committee

27 July 2021

Report of the Corporate Director of Place.

2020/21 Finance & Performance Outturn Report

Summary

1. This report provides details of the 2020/21 outturn position for both finance and performance across services within the Economy and Place Directorate as reported to Executive on 24th June 2021.

Analysis - Finance

2. A summary of the services within Economy and Place is shown below:

	Budget £'000	Outturn £'000	Variance £'000
Economy and Place			
Transport	7,886	7,786	-100
Fleet	16	39	+23
Highways	4,104	4,350	+246
Parking Operations	1,755	2,245	+490
Parking Income	-7,564	-3,430	+4,134
Waste	14,082	15,432	+1,350
Public Realm	3,426	3,359	-67
Emergency Planning	139	139	0
Development Management	534	930	+396
Forward Planning	697	697	0
Building Control & Land Charges	-86	-82	+4
Environmental Management	608	569	-39
Environmental Health & Licensing	1,331	1,305	-26
Asset and Property Management	-3,099	-2,494	+605
Economic Development	705	1,209	+504
Management and Support	284	229	-55
Micro Grants – Covid 19	0	1,177	+1,177
Recovery and Gen Covid Expend	171	447	+276
Covid Grant Support		-9,032	-9,032
TOTAL	24,989	24,875	-114

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

Financial Impact of Covid-19

3. Previous reports have outlined the scale of the financial challenge as a result of the COVID-19 pandemic and the level of additional expenditure incurred. There has also been a substantial reduction in income from fees and charges throughout the year. Whilst the impact of the pandemic is being felt across all Council services the following paragraphs highlight the main issues.
4. The Waste Collection service has continued to provide a grey bin and recycling service throughout the lockdown periods and the green bin was reintroduced in May 2020 (a month behind original plans). There has been a need to employ additional staff throughout the year as staff have been unavailable due to quarantining or shielding and an increased number of staff have been required in order to provide the service within social distancing guidelines. The service also required significantly higher levels of PPE in order to provide the service safely. In order to complete rounds in the first months it also proved necessary to collect more recycling as comingled which has a greater cost to process as well as impacting income levels.
5. In addition to the Government grants we have distributed, the council has provided further funding totalling £1.2m to help micro businesses that were not eligible for the national scheme. A micro grants scheme has helped 1,114 local businesses with grants of up to £1,000 to enable them to adapt in light of the COVID-19 lockdown. In addition, the Federation of Small Businesses has been funded to provide one year's membership for over 500 of York's micro businesses, enabling them to access free support and advice, and to benefit from membership of the FSB network.
6. The closure of markets, attractions and visitor accommodation has had an impact on the financial position of Make It York as income levels are below those forecast. In December Executive agreed to support Make It York by waiving the revenue return for the year, agreeing to defer property rents for the first half of the year and providing a loan facility of up to £300k.
7. The Council also experienced significant downturns in income as many income streams, particularly car parking, virtually shut down during the national lockdowns.

8. There has been a shortfall in parking revenues of £4.6m. This includes parking charges, resident parking charges, season tickets and penalty charge notices. April and May saw virtually no income (down over 90%) as the City was in full lockdown. Income started to recover in June where income was 76% below budget and July where income was 38% below budget. August and September were better with income only 19% below budget. However further restrictions were introduced in October with a lockdown in the majority of November leading to reductions in income collected of 31% and 69% respectively. There was an improvement in December as restrictions were eased leading to a reduction of 31% only to fall again in January to March as lockdown was imposed. Income in these months were on average 67% below budget. It should also be noted that the increases in parking charges agreed at the budget in February 2020 were not implemented, following an urgent decision, which also impacted total income. There have also been a number of parking incentives to support local businesses including free parking through RingGo app during the summer months and reductions in Minster Badge charges agreed.
9. There was a shortfall in income on commercial waste of £0.7m. During the lockdowns a large number of the service's customers were not trading and therefore were not charged. The service is currently working with its customers to determine the level of service and charges going forward into 2021/22 as restrictions ease.
10. Despite a reduction in activity in the first half of the year, planning income recovered over the winter months resulting in an overall shortfall of £406k. It is expected that this recovery will continue during 2021/22 as the economy returns to normal resulting in medium to large schemes being progressed.
11. Rent invoices were sent on the normal timetable following a deferral for quarter 1 bills when it was agreed that these invoices would not be sent out. Since that time officers in the Asset and Property Management Team have been working with tenants to agree revised payment plans in order that the council can continue to collect its revenue and the tenants can be supported in difficult trading circumstances. To date these conversations have been very successful and the majority of rents are being paid. There was reduced income from the Racecourse and from a number of properties that were empty during the year.

12. It is likely that some businesses going forward will not be able to continue to trade and the corporate bad debt provision has been increased by £443k to provide for this. This has been offset by COVID 19 funding.
13. The pandemic has not only resulted in shortfalls in income across those areas outlined above but also a large number of other income budgets including licencing (where there was a fee holiday), building control (when construction activity was on hold), land charges (when the housing market was on hold) and green bin subscriptions (as the service was suspended). There are also shortfalls across Public Transport Fees (Park and Ride) and Network Management.
14. The report identifies Covid Grant support totalling £9.0m. This primarily relates to shortfalls in sales, fees and charges which totalled £6.1m. Of this shortfall £4.1m is compensated by the Government and £2m funded from the council general covid grant. Other income shortfalls not eligible to compensation (Make it York Contribution (£0.5m) and Commercial Property (£0.4m) shortfalls) have also been funded from the general grant. The Covid Grant has also funded the Micro Grant expenditure £1.2m the additional Waste Collection costs £0.5m and £0.3m general Directorate Covid costs.

Economy & Place

15. There was an underspend of £511k against the concessionary fares budget as payments to operators during the latter part of the financial year were reduced to reflect lower passenger numbers. This was offset by higher CCTV monitoring and maintenance costs (£+99k) and additional IT and staffing costs within highway regulation (+£150k) relating to the implementation of the permit system and adapting the City for COVID19 social distancing. In part this was funded by COVID 19 grant but some of these costs would normally be assumed to be funded through income which has not been achievable this year.
16. In the last quarter of the year, the highways service incurred additional expenditure dealing with flooding and a colder than average winter requiring a higher number of grit treatments. There were also additional staffing costs incurred in maintaining the resilience of the service due to COVID 19 resulting in an overspend of £227k.
17. Within waste services an overspend of £183k due to the significant strain placed on the service operating within social

distancing guidelines and the national lockdown impacts throughout the year. The aged refuse collection fleet is also incurring additional cost and is due to be replaced in 2021 but is increasingly unreliable as it goes beyond its economic life. There has also been additional back office support in place to assist the service.

18. The cost of Parking Management and Enforcement is £154k over budget. Balancing revenues and cost in the uncertainties of a post COVID 19 world will be an ongoing challenge for the service. The significant investment in IT is making the service more flexible and efficient and will deliver significant saving in the area of corporate support anticipated in previous budgets.
19. Within Development Services there has been an underspend of £101k including staff savings of £62k
20. Within Environmental Health & Trading Standards there has been an underspend totalling £249k which is made up of staffing savings totalling £90k, underspends on transport and supplies and services totalling £32k and additional charges to other accounts totalling £65k. There was also one off income relating to Proceeds of Crime Act (POCA) that reflects work undertaken on prosecutions in prior years (£76k).
21. There was an overspend across the Commercial Portfolio totalling with an overspend of £138k. This was primarily due to reduced income from the Racecourse and from a number of commercial properties that were empty during the year.
22. A number of other more minor variations make up the overall directorate position.

Analysis – Performance – Council Plan Outcomes

23. The Executive for the Council Plan (2019-23) agreed a core set of indicators to help monitor the council priorities and these provide the structure for performance updates. The detail on the core indicators relevant to Economy and Place is attached at Annex 1 and the 2020/21 scorecard for Economy and Place is attached at Annex 2.
24. Some indicators are not measured on a quarterly basis. The DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly.
25. It is likely that due to impacts of COVID, a number of the indicators will see a significant change both in terms of their numbers and their

direction of travel in future reporting periods. The majority of the performance measures within the Council Plan have a lag between the data being available, and the current reporting period and therefore impacts will not be immediately seen, and may occur over several years as new data becomes available.

Implications

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

Risk Management

27. 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

28. 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**



15 July 2021

Annex

Annex 1 –Economy and Place Core Indicators
Annex 2 – Scrutiny Performance Scorecard