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## Executive Members for City Strategy and Advisory Panel

10 September 2007

Report of the Director of City Strategy

## 2007/08 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 (2007/08) performance against target for a number of key indicators that are made up of:
    - Best Value Performance Indicators owned by City Strategy
    - Customer First targets (letter answering)
    - Staff Management Targets (sickness absence)

### Background

- 2 This is the first monitoring report for 2007/08 combining financial and service performance information 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.

### Management Summary

#### Financial Overview

- 4 The budget for the City Strategy portfolio was set at £14,248k. Since then members have approved the carry forward of £180k unspent budgets from 2006/07, which has resulted in a current budget of £14,428k. These budget adjustments are shown in Annex 1.
- 5 Current projections are that the City Strategy Directorate will overspend by £+774k which represents 2.3% of the gross expenditure.
- 6 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	25,465	12,597	12,868	13,476	+608	+2.4
Planning	3,841	3,077	764	990	+226	+5.9
Resource & Business Manag't	4,421	3,625	796	736	-60	-1.4
<b>City Strategy</b>	<b>33,727</b>	<b>19,299</b>	<b>14,428</b>	<b>15,202</b>	<b>+774</b>	<b>+2.3</b>

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

- 7 The overall projected position shows a £+774k 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.

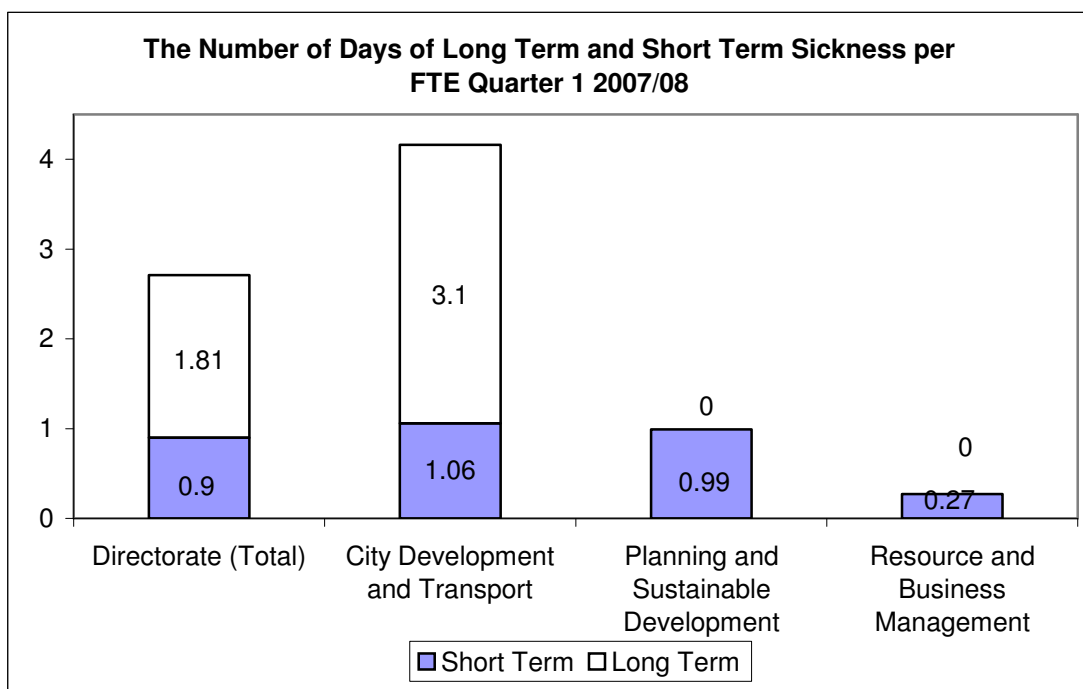
#### Performance Overview

- 8 Some consistent and noteworthy performance includes:
- BVPI 109b: Percentage of minor planning applications determined within 8 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
- 9 The Customer First statistics for City Strategy are currently on target. 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 Directorate<sup>1</sup> answered 96.95% (representing 286 out of 295) of letters between 1 April 2007 and 30 June 2007 within the Councils 10 days standard. This is above the corporate target of 93% and is better than the quarter 1 2006/07 performance of 91.67.% (440 out of 480 letters were answered on target).
  - For the City Strategy Directorate 95.65% (representing 37,404 out of 39,107) telephone calls were answered within 20 seconds in Quarter 1. This is above the corporate target of 95% and exceeds the corporate average of 93.57%. Performance for quarter 1 2007/08 also better

<sup>1</sup> This figure excludes Economic Development as this service area is reported separately. When 'City Strategy' is further mentioned it will always exclude Economic Development.

quarter 1 2006/07 performance of 92.64% (29,747 out of 32,110 calls were answered on target).

- 10 Sickness for City Strategy directorate is currently at 2.81<sup>2</sup> days per FTE for the first three months of the year. Performance is better than the corporate target of 3 days and shows improvement compared to quarter 1 in 2006/07 where the sickness figure for the directorate was 2.98 days per FTE. Sickness is monitored regularly and stricter protocols and manager guidance have been put in place. It is thought poor performance can be attributed to long term sickness. However seven long term sick cases were resolved in July and August 2007 which will improve sickness performance and will be reflected in future reporting. Long term and short term sickness has been broken down for quarter 1 2007/08 and is illustrated in a graph below.



- 11 The results from the Staff Satisfaction Survey show that 58% of staff in the City Strategy Directorate<sup>3</sup> are satisfied. This is below the target of 80% and below the 2005/06 outturn of 73%. (Caution should be exercised with service level analysis because the sample sizes are small and almost two-fifths (38%) of respondents from City Strategy did not state their team which may affect the overall percentage.) Two areas causing the most concern are about job security and having good work recognized. Staff in the directorate feel less able to cope with demands and workloads of the job compared to other directorates and do not believe that action will be taken on issues raised in the survey. However the survey has shown that the staff in City Strategy and Economic Development are more positive about the corporate organization than staff in other areas (including contribution to success and awareness of

<sup>2</sup> For information: The total sickness figure for City Strategy if Economic Development were included is 2.71 days.

<sup>3</sup> For information: The total satisfaction figure for City Strategy if Economic Development were included is 61%.

priorities) and no real differences were identified relating to relationships with colleagues or bullying and harassment compared to other directorates. A Managers meeting has been scheduled for the 13<sup>th</sup> September to discuss and review the results of the staff survey and to start to address the issues raised.

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

### **City Development & Transport**

#### Financial Overview

- 13 The current projection shows an overspend within the City Development and Transport Service Plan of £+608k, or +2.4% 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:

- Additional parking Income of £-105k.
- Shortfall in parking fines of £+180k
- Concessionary Fares of £+640k (passes £+740k, tokens £-100k)
- Park & Ride income of £+100k
- Staff vacancies £-137k
- Parking operational budgets £-70k

#### **Concessionary Fares**

- 14 The biggest individual pressure facing the City Strategy directorate is that relating to Concessionary Fares. This is due to a number of factors
- a) Members will be aware that as a result of a successful appeal the Council was required to pay additional reimbursement to First York totalling £274k in 2006/07. This was funded in 2006/07 by a one-off release from reserves. However no provision is available for 2007/08.
  - b) There has been a further increase in the number of passes that are being issued compared to that of tokens.
  - c) There is a significant increase in bus usage by eligible pass holders leading to increased claims by operators.
  - d) Price inflation in bus fares leads to additional claims for reimbursement.

The impact of all these factors is a forecast overspend of £740k in 2007/08 compared to the budget of £2,054k.

- 15 The breakdown of the overspend is as follows
- i) Unfunded costs arising from appeal decision 2006/07 £274k.
  - ii) Inflationary increases by First York of 6.1% larger than the budgeted level of 5% £43k.
  - iii) Impact of additional claims settled by the North Yorkshire Concessionary Fares partnership affecting CYC £51k.
  - iv) Growth in the number of journeys projected to increase by up to 20% compared to that level assumed in the DfT appeal £372k.

- 16 The levels of passengers using Concessionary Fares passes has risen exponentially since the introduction of a free bus pass. The numbers of concessionary fares in 2005/06 when a 50p flat fare was in operation was approximately 1million for First York. The projected number of journeys in 2007/08 by the same operator is forecasted in excess of 3million. Whilst growth in the market was expected this level of growth has surpassed that anticipated and has thus led to the levels of overspends identified. The projected spend of £2.8m compares to a budget of £0.9m in 2005/06 which related to a period when CYC provided a scheme better than the national half price fare. This increase in cost of £1.9m compares to the allocation of £0.85m provided by the government in funding the free scheme. Even after taking into account savings from the tokens the increase in the overall concessionary fares budget is £1.5m. That has resulted in the council having to fund an additional £0.65m from its own resources.
- 17 Officers have yet to finalise the reimbursement arrangements for the financial year with the major operator, however the appeal stated the arrangements should be based on the result of the 2006/07 appeal adjusted to take into account patronage growth and amendments to the average fare. Officers will continue to negotiate an arrangement that is both fair to the operator in terms of reimbursing lost revenue whilst minimising additional costs to the council. It is important to note therefore that the final level of overspend may be lower than that indicated.
- 18 The table below shows the forecasted numbers of pass holders and token claimants compared to 2006/07.

	2006/07	2007/08	Difference
Token Claimant	15,875	13,040	-2,835
Bus Pass Claimant	24,000	27,000	3,000
Parking Concession	184	184	0
<b>Total Claimant</b>	40,059	40,224	165

- 19 The effect of the reduction in tokens has resulted in an assumed saving of £100k that will offset the forecasted overspend to that £640k.
- 20 It should be noted that a sum of £200k was included in the contingency for additional costs of concessionary fares. It is recommended that this sum be released from the contingency to support the budget. If this request is accepted by the Executive the overspend will be reduced to £440k.

## Car Parking

- 21 The table below shows detail of income from Car Parking to 31<sup>st</sup> July 2007 compared to the budget and the position to the same date in 2006/07.

	Income to 31 <sup>st</sup> July 2006 £'000	Income to 31 <sup>st</sup> July 2007 £'000	2007/08 Forecast £'000	2007/08 Budget £'000	Variance to budget £'000	%
Short Stay	667	695	2,104	2,056	-48	-2.3
Standard Stay	1,228	1,199	3,682	3,686	4	0.1
On Street	169	165	490	507	17	3.4
Respark/ Season Tickets	195	245	718	640	-78	-12.2
<b>Total</b>	<b>2,259</b>	<b>2,304</b>	<b>6,994</b>	<b>6,889</b>	<b>-105</b>	<b>-1.5</b>

- 22 The table shows that £105k additional income is expected compared to budget (1.5%). The majority of the additional income has come from an increase in season ticket sales. There is also a projected increase in the number of Respark tickets being sold giving a small increase. Income from the car parks is in line with budget with a small overall surplus of £27k projected. This is taking into account an assumed loss of income totalling £55k following the withdrawal of evening parking charges for residents from the end of July.

## Performance Overview

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

PI Description	Q1 2006/07	Target 2007/08	Q1 2007/08	2006/07 vs. 2007/08	Actual vs. Target
BVPI 106 – the percentage of new homes built on previously developed land	98.77%	65%	100%	✓	✓
BVPI 165 - % of pedestrian crossings with facilities for disabled people.	Not comparable	69%	69%	Not comparable	✓

- 25 For BVPI 106 (% of new homes built on previously developed land) the performance of 100% for the first quarter of 2007/08 exceeds the government set target (65%) due to the large number of homes built on brown field sites that have come forward in recent years. In the future the percentage of new homes built on previously developed land may achieve levels closer to the 65% target set in Planning Policy Guidance 3 (March 2000) now that consent has been given for development on several greenfield sites.
- 26 BVPI 165 is performing on target at 69%. However due to a change in calculation definition in 2006/07 by the government this indicator is below quarter 1 2006/07 performance.
- 27 The Customer First figures show that City Development and Transport answered 98.77% (representing 240 out of 243) of letters between 1 April 2007 and 30 June 2007 within the Councils 10 days standard. This is above the corporate target of 95% and betters quarter 1 2006/07 performance of 94.02% (299 out of 318 letters).
- 28 Sickness absence for City Development & Transport is at 4.16 days per FTE for the first 3 months of the year. This level of performance is below the corporate Quarter 1 average of 3 days. Nevertheless several long term sickness cases have been resolved recently and this should improve sickness performance in City Development and Transport.
- 29 For City Development and Transport 96.00% (representing 17,772 out of 18,512) 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%. Performance for quarter 1 2007/08 also betters quarter 1 2006/07 performance of 93.91% (14,686 out of 15,639 calls were answered on target).

## **Planning and Sustainable Development**

### Financial Overview

- 30 Current projections are that there will be an overspend within the Planning and Sustainable Development service plan area of £+226k, or +5.9% 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:
- £+100k shortfall in planning income. This is due to lower fees being received so far this year. There are a number of large planning fees expected later this year or in 2008/09. There is a possibility that fees will be increased nationally in the next few months but no announcement has been made yet. The forecast will be updated as more information becomes available
  - £+71k shortfall in planning delivery grant (PDG). The government did not announce the amount of PDG until the summer and, despite the improved performance, the amount received is £71k less than last year. Although there was a reduction in the total amount of money available from £127m to £118m, the share allocated to York reduced from 2.5% to 2.0%

- £+50k shortfall in building control income. This continues the decline in activity last year where developers were submitting their building plans for checking but were deferring the developments which resulted in a sharp decline in income from on-site inspections. This will be closely monitored as the year progresses.
- £+25k shortfall in land charges income. This is a further decline of the income shortfall of £+11k last year due to a slow-down in the housing market.

31 As part of the 2007/08 budget a contingency of £150k was set aside to cover a shortfall in planning income resulting from a decline in fees from major developments. A further £50k was set aside for the anticipated shortfall in income from Land Charges. Whilst the forecast shortfall in both planning income and land charges income is below that identified in the contingency if taken into account with the reduced level of Planning Delivery Grant the pressures in the two areas total £203k. Given the large pressures identified elsewhere in the directorate it is recommended that a request from contingency for the £200k be made to the Executive.

### Performance Overview

32 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 06/07	Target 2007/08	Q1 2007/08	06/07 vs. 07/08	Actual vs. Target
BVPI 109a % of major planning applications determined within 13 weeks	92.3%	65%	77.78%	✗	✓
BVPI 109b % of minor planning applications determined within 8 weeks	76.9%	75%	77.5%	✓	✓
BVPI 109c % of other planning applications determined within 8 weeks	89.14%	90%	88.72%	✗	✗

33 The Quarter 1 2007/08 performance figure for BVPI 109a (major applications) of 77.78% represents 14 out of 18 applications being determined within 13 weeks. This significantly better the set target of 65% though it is performing below the 2006/07 quarter 1 outturn of 92.3%.

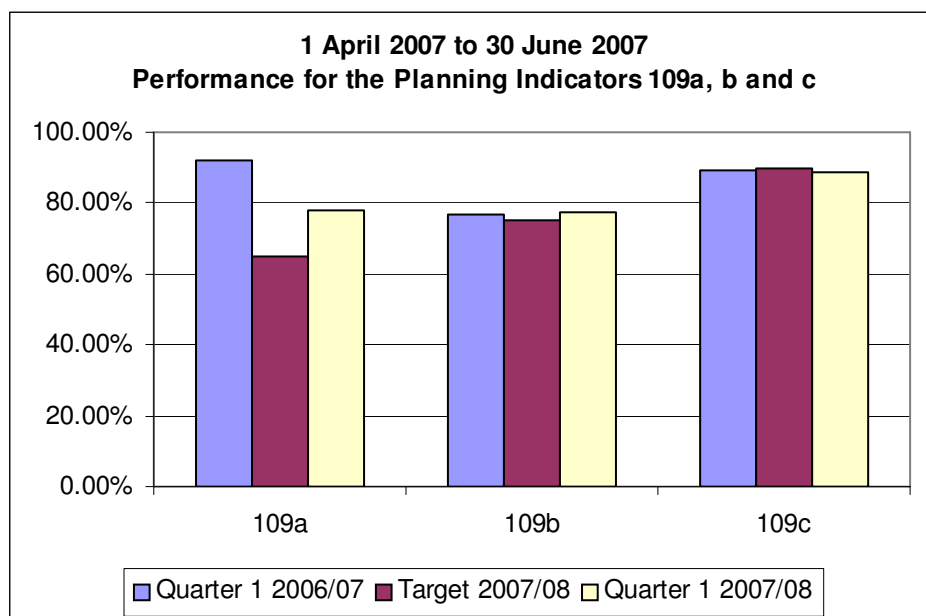
34 The Quarter 1 2007/08 performance figure for BVPI 109b (minor applications) of 77.5% is above the set target of 70% and represents 124 out of 160 applications that were determined within 8 weeks. The 2007/08 performance better the 2006/07 quarter 1 performance of 76.9%.

35 BV109c (other applications) has achieved a 2007/08 quarter 1 figure of 88.72% which is just below the target of 90%. This represents 401 out of 452



applications determined within 8 weeks. This indicator is performing below the 2006/07 quarter 1 performance of 89.1%.

- 36 The performance of these three indicators is represented graphically in the chart below:



- 37 The Customer First figures show that Planning and Sustainable Development answered 89.19% (representing 33 out of 37) of letters between 1 April 2007 and 30 June 2007 within the Councils 10 days standard. This is below the corporate target of 95% however shows improvement to quarter 1 2006/07 where performance was 88.79% (95 out of 107 letters were answered on target).
- 38 Sickness absence for Planning and Sustainable Development is at 0.99 days per FTE for the first 3 months of the year. This level of performance is better than the corporate target of 3 days and exceeds quarter 1 2006/07 sickness performance of 3.31 days.
- 39 For Planning and Sustainable Development 95.41% (representing 16,453 out of 17,245) 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%. Performance for quarter 1 2007/08 also better than quarter 1 2006/07 performance of 91.32% (16,453 out of 17,245 calls were answered within target).

## **Resource and Business Management**

### Financial Overview

- 40 Current projections are that Resource and Business Management will underspend by £-60k, or -1.9% of the gross expenditure budget. This has resulted from staff vacancies and savings in operational budgets. Following the decision to repay an additional £125k from the Venture Fund loan (which

funded a major restructure in planning and set up the street environment service in 2000) there is a saving of £25k in the repayment charges in 2007/08.

### Performance Overview

- 41 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).
- 42 Resource and Business Management answered 100% of letters that had to be replied to within the Council 10 day standard in Quarter 1 2007/08. This is above the target of 95%.
- 43 Sickness absence for Resource and Business Management is at 0.27 days per FTE for the first 3 months of the year. This level of performance is better than the corporate target of 3 days and exceeds quarter 1 2006/07 performance of 2 days.
- 44 For Resource and Business Management 94.92% (representing 3,155 out of 3,324) telephone calls were answered within 20 seconds in Quarter 1. This is slightly below the corporate target of 95% but above the Corporate average of 93.57%.

### **Portfolio Capital Programme**

- 45 The City Strategy capital programme is comprised of over 200 individual schemes and has a budget of £9,652k. 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.

	<b>Total £000s</b>
LTP element	5,560
Government Grant	813
Developer and other contribs	1,080
CYC resources	2,199
<b>Total</b>	<b>9,652</b>

- 46 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>
Outer Ring Rd / James St Link Rd	3,953	3,953
Multi-modal schemes	50	50
Air Quality, Congestion /Traffic Mgt	128	128

Park and Ride	169	189
Public Transport Schemes	607	574
Walking Schemes	371	371
Cycling Schemes	486	493
Development Linked Schemes	176	176
Safety Schemes	594	606
School Schemes	224	233
Residual Schemes	100	100
LTP Structural Maintenance	1,124	1,042
CYC Structural Maintenance	2,020	2,113
City Walls	284	284
<b>Total</b>	<b>10,286</b>	<b>10,312</b>
Over-programming	-634	-660
	<b>9,652</b>	<b>9,652</b>

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

## Conclusions

### Financial Overview

- 48 The provisional outturn position for the portfolio shows an overspend of £+774k for the financial year. This is made up of key identified overspends totalling £+1,266k offset by identified savings totalling £-492k.
- 49 The primary reason for the level of the projected overspend is that of the forecasted additional liability for concessionary fares of £+740k less £-100k saving on bus tokens. The levels of income in Planning are also below budget partly due to the lower number of major applications being received. There was also a lower than budgeted level of Planning Delivery Grant awarded to the council in 2007/08 despite improved performance. To offset this underspends have been identified in parking income and expenditure as well as staff vacancies across the directorate.
- 50 As stated in the text the directorate has identified three potential pressures within the council contingency totalling £400k.

a)	Concessionary Fares	£200k
b)	Planning Income	£150k
c)	Land Charges	£ 50k

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 £374k.

- 51 The General Contingency for 2007/08 was set at £600k. Potential areas that might require funding during the year were identified as part of the budget

process, and totaled £1.025m. To date £40k has been released leaving £560k 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 £1.025m, are: the costs of meeting the demand and complexity of social care needs, concessionary fares, planning income service pressures and possible additional pay award costs. These requests were included in the £600k identified 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 is approved, will be £160k.

- 52 The main areas that savings can be made are those relating to Highway maintenance. A review of all maintenance budgets has been undertaken to determine what projects / schemes can be taken from the programme this financial year. The schemes (valued at £370k) identified are as follows :

Footway Slurry Sealing Programme	£100k
Haxby Road Resurfacing	£ 94k
Drainage Schemes	£ 50k
Boroughbridge Road / Carr Lane	£ 50k
Alcuin Avenue	£ 25k
Bishopthorpe Road	£ 45k
Halifax Way, Elvington	£ 6k

- 53 It is proposed to hold back these schemes until the financial position is more certain. If the budget position improves eg additional planning / parking income or reduced concessionary fare liability the schemes can be released and completed during the financial year.
- 54 Should the Executive not approve the supplementary estimate the Directorate would need to consider further significant reductions in service and or increases in fees and charges. Examples of such action that could balance the budget would be to
- a) Increase car parking charges. An increase in the standard stay car parks of £0.20 per hour would raise between £100k and £150k depending on customer resistance if implemented from the beginning of November.
  - b) Reduce routine maintenance. Savings of upto £200k could be made by reducing grass cutting and routine patching. This would have impact on customers in that only the most serious safety issues would be dealt with. There would also be a significant impact on Neighbourhood Services as this would result in reduced turnover to that organisation.

### **Performance Overview**

- 55 Directorate customer first targets are being achieved and exceeded. The directorate hope to see a decrease in the number of long term sickness days

in future reporting. The results of the Staff Satisfaction Survey will be looked at in further detail.

## **Consultation**

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

## **Options**

- 57 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**

- 58 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.

## **Financial Implications**

- 59 The financial implications of the report are included in the financial overview section of the conclusions (paragraphs 48-54).

## **Other Implications**

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

## **Risk Management**

- 61 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 2007/08.

## **Recommendation**

- 62 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 £400k to support pressure on Concessionary Fares and Planning budgets.

Reason – In accordance with budgetary and performance monitoring procedures

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Report Approved  Date 24/08/07

Bill Woolley  
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Report Approved  Date 24/08/07

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 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