

Report of the Corporate Director of Economy and Place

2020/21 Finance & Performance Monitor 1 Report

Summary

1. This report provides details of the 2020/21 forecast outturn position for both finance and performance across services within the Economy and Place Directorate. The paper incorporates data to August 2020 as reported to Executive on 1st October 2020.

Analysis - Finance

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

	Budget £'000	Forecast Outturn £'000	Variance £'000
Economy and Place			
Transport	6,443	7,207	+764
Fleet	-279	-279	0
Highways	3,227	3,227	0
Parking Operations	1,257	1,637	+380
Parking Income	-7,605	-4,205	+3,400
Waste	12,917	13,971	+1,054
Public Realm	2,986	3,026	+40
Emergency Planning	119	119	0
Development Management	-375	212	+587
Forward Planning	407	407	0
Building Control & Land Charges	-421	-287	+134
Environmental Management	431	431	0
Environmental Health & Licensing	632	853	+221
Asset and Property Management	-3,469	-2,969	+500
Economic Development	623	623	0
Management and Support	672	672	0
Micro Grants – Covid 19	0	1,171	+1,171
Central Government Funding	0	-8,251	-8,251
TOTAL	17,565	17,565	0

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

3. It is expected that the forecast Covid-19 related pressures of £8,251k will be funded from a combination of the additional general grant funding provided by Government and the recently announced income compensation scheme for the loss of income from fees and charges. In that scheme Councils will have to fund the first 5% of any loss and thereafter Government will fund 75% of the loss with the remaining balance to be council funded.

Financial Impact of Covid-19

4. Reports to Executive have outlined the scale of the financial challenge as a result of the COVID-19 pandemic and the level of additional expenditure incurred. There was also a substantial reduction in income from fees and charges during the first quarter of the year. Whilst the impact of the pandemic is being felt across all Council services the following paragraphs highlight the main issues across the Economy and Place Directorate.
5. The Waste Collection service continued to provide a grey bin and recycling service throughout the lockdown period and the green bin was reintroduced in May 2020 (a month behind original plans). There was a need to employ additional staff across the first quarter of the year as staff were unavailable due to quarantining, shielding and greater numbers were 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.
6. 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 1,122 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.
7. 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. The Christmas Market, if it still goes ahead, will also be slightly smaller than usual to ensure social distancing is also likely to impact Make It York's financial position. The council is awaiting further information as to how these shortfalls can be contained within Make it York or whether the council will need to provide financial support through loans or more direct financial support.

8. The Council also experienced significant downturns in income as many income streams, particularly car parking, virtually shut down in the first quarter of the year.
9. To 31st July there has been a £1.9m shortfall in parking income. 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 74% below budget and July where income was 40% below budget. Assuming income levels return to 66-75% of previous year's income levels over the remainder of the year this will result in a total shortfall of £3.4m. In addition there is a forecast shortfall on PCN income of £380k. It should be noted that the increases in parking charges agreed at the budget in February were not implemented, following an urgent decision which has also impacted total income. There have also been a number of parking incentives to support local businesses including free parking through RingGo app and reductions in Minster Badge charges agreed over the remainder of the year.
10. There is a forecast shortfall in income on commercial waste of £576k. During the lockdown 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 through the remainder of the year.
11. Whilst planning applications continued into the council in April there has been a reduction in schemes and value of c 50% since that date. It is anticipated that levels will increase as the economy rebounds however an estimate of c66% of budget to the end of the year is currently anticipated
12. The first quarter rents were due to be issued in late March 2020 but due to the lockdown announcement of the previous week 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 and still assumed to be collected. There is a risk however that some businesses going forward could continue to struggle and an assessment of the shortfall totalling £0.5m is currently estimated.

13. The pandemic has not only resulted in shortfalls in income across those 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), green bin subscriptions (as the service was suspended). There are also shortfalls across Public Transport Fees (Park and Ride) and Network Management. It is early in the year to have significant confidence in these estimates and they are being closely monitored and updated on a monthly basis.
14. There are also additional costs or lost income across the directorate that do not relate to COVID-19. At this time in the year it is anticipated that these pressures are managed within the overall directorate budget. This can be achieved through a review of staff charged through to other programmes, review of the waste reserve and challenging service managers over ways to reduce expenditure.

Analysis – Performance – Council Plan Outcomes

15. 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 2019/20 scorecard for Economy and Place is attached at Annex 2.
16. 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.
17. A summary of the core indicators relevant to Economy and Place that have a good or poor direction of travel based on the latest available data is shown below and further details around all of the core indicator set can be seen in Annex 1.
18. 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.

19. Indicators that have a good direction of travel based on the latest available data are:

% of road network that are grade 4 (poor) or grade 5 (very poor)

In 2019-20, 20% of the road network was classed as in poor or very poor condition. This is a decrease from 2018-19 and 2017-18 (23% and 24% respectively) and reflects the investment in the highways maintenance programmes during the last few years.

% of Talkabout panel who think that the council are doing well at improving green spaces – 44% of respondents to the Q1 2020-21 survey agreed that the council and partners are doing well at improving green spaces, an increase from 42% in Q3 2019-20.

Net Housing Consents – Figures for 2019-20 show that there were 3,466 net housing consents in 2019-20. This represents a sustained increase in residential approvals over the last three years following a decline experienced during 2016-17.

Number of new affordable homes delivered in York – The number of new affordable homes delivered in York has significantly increased during 2019-20 with 123 new homes, compared to 60 delivered in 2018-19.

GVA per head (£) – In 2018-9 (the latest available data), the GVA per head in York was £30,258 which was the second highest figure regionally. Based on predicted economic trends nationally, it is expected that there will be a negative impact on GVA values in future years.

20. Indicators that have a worsening direction of travel based on the latest available data are:

Parliament Street Footfall – Footfall in Parliament Street has decreased from 1,390,431 in Q4 2019-20 to 425,894 in Q1 2020-21. Due to the global coronavirus pandemic, restrictions were placed on movement and all leisure and retail businesses were closed at the end of March 2020. This had a severe impact on the number of residents and visitors in the city centre. This impact can be seen countrywide. As shops and businesses slowly started to re-open during June, it is hoped that the footfall numbers will increase during Q2, and early indications are that footfall is around the 70% mark compared to previous year

Implications

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

Risk Management

22. 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

23. 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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Annex

Annex A –Economy and Place Core Indicators
Annex B – Scrutiny Performance Scorecard