

2020/21 Finance & Performance Monitor 3 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 December 2020 as reported to Executive on 11th February 2021.

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	6,524	7,214	+690
Fleet	-268	-268	0
Highways	3,302	3,302	0
Parking Operations	1,280	1,879	+599
Parking Income	-7,605	-3,964	+3,641
Waste	13,401	15,087	+1,686
Public Realm	3,048	3,003	-45
Emergency Planning	121	121	0
Development Management	-345	369	+714
Forward Planning	419	419	0
Building Control & Land Charges	-412	-364	+48
Environmental Management	442	401	-41
Environmental Health & Licensing	670	715	+45
Asset and Property Management	-3,454	-2,975	+479
Economic Development	629	1,126	+497
Management and Support	689	683	-6
Micro Grants – Covid 19	0	1,171	+1,171
Central Government Funding	0	-9,478	-9,478
TOTAL	18,441	18,441	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 £9,478k will be funded from a combination of the additional general grant funding provided by Government and the 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 decision to cancel the Christmas Market also strongly impacted on Make It York's trading position. 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.

8. The Council also experienced significant downturns in income as many income streams, particularly car parking, virtually shut down during the national lockdowns.
9. To 30th November there has been a £2.6m 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. August and September were better with income only 20% below budget. However further restrictions were introduced in October with a lockdown in the majority of November leading to reductions in income collected of 27% and 72% respectively. Estimates at the end of November were that the shortfall to the end of the year would be £3.6m however given the current restrictions in place this is expected to worsen by year end. In addition there is a forecast shortfall on PCN income of £400k. 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 £813k. During the first and second 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. Given the current restrictions this forecast shortfall in income is expected to worsen.
11. Whilst planning applications have been received and processed during the Covid 19 period there was a significant reduction in numbers during the period March to May but September and November have had higher numbers of applications submitted than in recent years. In relation to fee income the greatest impact is associated with a 21% reduction in the number of major planning applications over the year compared with 2019. It is anticipated that levels will increase as the economy rebounds

next year and applications for medium to large scale development schemes are progressed. However an estimate of c55% of budget to the end of the year is currently anticipated.

12. Rent invoices in respect of commercial property are now sent on the normal timetable following a deferral for quarter 1 bills. 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. It is likely, however, that some businesses going forward may not be able to continue to trade 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 remains difficult to have significant confidence in these estimates and they are being closely monitored and updated on a monthly basis.
14. The Directorate is currently forecasting a small overspend that does not relate to additional costs or lost income relating 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 2020/21 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 Talkabout panel who think that the council are doing well at improving green spaces** – 44% of respondents to the Q2 2020-21 survey agreed that the council and partners are doing well at improving green spaces, an increase from 42% in Q3 2019-20.
20. Indicators that have a worsening direction of travel based on the latest available data are:
 - **% of vacant city centre shops** - At the end of Q3 2020-21, there were 57 vacant shops in the city centre, which is an increase from 42 at the same point in 2019-20. The number of vacant shops equates to 8.88% of all city centre shops, which is lower than the national benchmark in Q1 2019-20 of 11.7%. Properties in York are owned by different commercial parties and CYC commercial properties have very low levels of vacancies.
 - **Parliament Street Footfall** – Footfall in Parliament Street decreased from 1,390,431 in Q4 2019-20 to 425,894 in Q1 2020-21. Shops and businesses slowly started to re-open during June and footfall for Q2 2020-21 increased to 1,643,041. This is still someway down on the same period in 2019-20 (2,278,319). In Q3 2020-21, footfall fell to 1,245,444 (also down on the same period in 2019-20 which was 2,144,050). Due to the global coronavirus pandemic, restrictions were placed on movement and all leisure and the vast majority of retail businesses were closed at the end of March 2020. This had a severe impact on the number of visitors to the city centre which mirrored the situation countrywide. When

compared to other local authorities, the York figures show a relatively positive position.

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.

Contact Details

Author:

Patrick Looker
Finance Manager
Tel: 551633

Chief Officer Responsible for the report:

Neil Ferris
Corporate Director of Economy and Place

**Report
Approved**



Date 15/2/21

Wards Affected: *List wards or tick box to indicate all*

All



Annexes

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