



Executive Members for City Strategy and Advisory Panel

8 December 2008

Report of the Director of City Strategy

2008/09 SECOND MONITORING REPORT ECONOMIC DEVELOPMENT AND PARTNERSHIPS – FINANCE & PERFORMANCE

Summary

1. This report presents the latest projections for revenue and capital expenditure by Economic Development and Partnerships, as well as performance against target for:
 - Best Value performance indicators
 - Customer First targets (letter and telephone answering)
 - Staff Management targets (sickness absence & appraisals completed)

Background

2. This is the second monitoring report for 2008/09 combining financial and service performance information for the Economic Development and Partnerships Service 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.

Financial Summary

4. The current approved budget is £2,361k, including £15k carried forward from 2007/08, £15k revenue support for the Eco Business Centre and £32k to support the Westfield Deprivation initiatives, less £13k rent adjustment. Current projections are that the Economic Development and Partnerships service will outturn on budget. The key variances identified are detailed in the table below. There are also a number of areas where members receive a regular update and these are set out below in paragraphs 5 to 15.

	£'000	%
<i>£+54k shortfall on Newgate market tolls continuing the underlying downward trend in market income across the country. This is offset by £-4k additional income from the electricity substation in the compactor yard and £-10k saving through restructuring the markets cost base from October 2008.</i>	+40	+10
<i>£-7k savings in city centre from additional income from events and operational savings</i>	-7	-23
<i>£-18k saving in the Strategic Partnership team due to staff vacancies earlier in the year</i>	-18	-3
<i>£15k Savings identified across the service area to offset overspends</i>	-15	-0.1
Total Economic Development	0	0

York Training Centre (YTC)

5. York Training Centre continues to support the City's strategies for improving skills and reducing NEET (not in employment, education or training) figures for school-leavers. The achievement statistics have been outstanding this year and YTC was rated the top provider in North Yorkshire for Apprenticeship achievement by the local Learning and Skills Council. YTC was awarded the Matrix quality standard in June 2008 and the report from the external assessor highlighted many areas of good management, examples of best practice and staff, learner, employer and partner satisfaction.
6. A new Apprenticeship programme with six Business Administration Apprentices commenced in City Strategy in September 2008. The six young people will spend two years in the directorate, moving between departments on a rotational basis. NVQ and Technical Certificate Training is provided on a day release basis at YTC and it is hoped that other Council directorates will follow the City Strategy lead and identify Apprenticeship programmes.
7. York Training Centre and Adult and Community Learning are working together to offer a range of NVQ qualifications to local employees (including Council workers) using Train to Gain funding. Employees can gain NVQs free of charge or partially funded, dependent on their previous qualification levels. Train to Gain is being actively promoted within the Council and 9 staff have already signed up out of a total of 49 in York. As well as direct

marketing by YTC/ACL, the Chief Executive has also involved the Council's Workforce Development Team in identifying appropriate Council employees, though this now requires further input.

8. YTC continues to manage the Council's Training and Development Centre but financial constraints on both sides are leading officers to discuss the future of this facility with the new Head of HR.
9. YTC is working increasingly with colleagues in LCCS, particularly Adult and Community Learning and the Danesgate Skills Centre. A joint Self Assessment Report is required by the Learning and Skills Council for YTC and ACL this year, including overall grading judgements on the quality of leadership and management.
10. At the end of the last financial year the York Training Centre reserves are £18k. The anticipated out-turn in the 2008/09 financial year is to break even.
11. However, although YTC has been involved in work-related learning programmes for Year 10 and 11 pupils for many years, the demand for these from schools has now decreased dramatically. Schools are increasingly offering vocational learning in-house, for example on Diploma courses and the opening of the Danesgate Skills Centre has taken many of the young people who previously would have been referred to YTC. In the academic year 2007/8 there is likely to be substantial deficit between income expected to be received from schools and the costs current incurred by YTC. The result will be that savings have to be made, particularly on staff costs which represent 80% of the expenditure. Consultations are currently being held with HR and Unison to reduce the staff team working on the pre-16 programme by three (from six).

Future Prospects

12. Future Prospects provides the local community with an access point for exploring options for employment, career development, education and training. It is a partnership organisation between City of York Council and York College. It is funded by the partners and attracts small amounts of additional funding from appropriate sources. There has been no call for unbudgeted council resources during the year.
13. In response to the publication of the Index of Multiple Deprivation figures Members agreed, through the Executive Meeting on 9th September, to fund some additional work through Future Prospects, targeted at the one small area around Kingsway in the Westfield Ward. In order to increase their presence in the area it was agreed that a 0.5 post for a Community Learning and Work Adviser be created for one year to offer a range of targeted intense support through the delivery of:
 - personal self development (accredited or non accredited)

- confidence building,
- stress management
- benefits and funding advice, including better off calculations
- employability skills workshops such as CV creation, Application Techniques and Interview Skills
- 1-2-1 individual support around developing increased employability skills
- Information Advice and Guidance around learning and work options
- Brokerage to training,
- delivery of accredited learning such as OCN provision
- informal IT classes and taster sessions

This additional work totals £20,000.

14. Over the last month both the "credit crunch" and the issues around uncertainties and the capacity of the CAB, has put additional demand on the services offered at Future Prospects, especially around the work of benefits advice in relation to taking up learning and work.

Science City

15. Progress continues to be made through Science City York Ltd to achieve the targets set out in funding contracts with Yorkshire Forward. A mid term evaluation of contracts has been conducted by an outside body and Yorkshire Forward have confirmed their funding for the remaining length of the current contracts. The number of businesses assisted is broadly in line with the pro-rata annual target. Due to changes in the funding regime, Yorkshire Forward has verbally agreed to an interim 6 month extension of current contracts, whilst Science City York finalises a 3 year business plan post September 2009. Science City York is now waiting to receive confirmation in writing of the extension from Yorkshire Forward
16. In addition to the above, Science City York have submitted two European Regional Development Fund (ERDF) bids to Yorkshire Forward. It is expected that an outcome of a bid for specialist business services (contract value – £3million) will be known by the middle of December. A further bid for embedded business space and technology transfer centred on the University of York's new campus at Heslington East (contract value - £19.5 million) is due to be considered by the Yorkshire and Humber Programme Monitoring Committee at its meeting on 24th November. If successful, this would then be the subject of a detailed appraisal by the European Commission, with a final decision anticipated by March 2009.
17. Discussions are also taking place to develop a proposal to commit a further £80k capital funding from Yorkshire Forward to provide a creative-digital incubator facility situated within the John St. John University campus.

18. The 10th Anniversary celebration of Science City York took place on 19th November.

Markets (+£40k)

19. Members will be aware that over the last two financial years there has been a shortfall in income following reductions in stall take-up of £65k. The Executive agreed to a supplementary estimate of £20k to reduce the target in 2008/09 however a forecast of £54k deficit is still anticipated. The popularity of open markets is in significant decline nationally and, in spite of a range of new initiatives designed to increase trading, a loss continues to be made. This shortfall has been partly offset by miscellaneous income (£-4k) and a restructure of the staffing arrangements for the markets which was effective from October 2008 (£-10k).
20. The new Market's Management regime, brought about as a result of a recent restructure, is already looking at a number of initiatives to tackle the shortfall and address some of the Market's problems in the short term; including working closer with the traders themselves.
21. However, with regard to the medium and longer term more fundamental schemes and options will be explored.

Performance Overview

22. Performance indicators for the Economic Development and Partnerships service plan are attached as Annex 1.
23. Indicators showing areas of success and concern are reported on an exception basis below.

Performance indicator	Q1-2 2007/08	Q1-2 2008/09	Target 2008/09	Performance vs trend	Performance vs target
VJ3: % of residents using Future Prospect's services that obtain jobs or enter training	55%	42%	30%	✗	✓
VJ15 : York's unemployment rate below: a) the regional rate b) the national rate	a) 1.41% below b) 1.06% below	a) 1.41% below b) 1.02% below	a) 1.5% below b) 1% below	a) Stable b) ✗	a) ✗ b) ✓
VJ15d: balance of firms where turnover has grown rather than fallen	21.3%	4.2%	20%	✗	✗

24. VJ3 (percentage of residents using Future Prospect's services that obtain jobs or enter training) is performing at 42% for the first six months of the year. This exceeds the target of 30% but is below the comparative 2007/08

figure of 55%. Performance can be attributed to different client demographics. In 2007/08 work was done with certain client groups which yield a higher positive outcome. In 2008/09 other client groups have been proactively targeted where there is a lower percentage of positive outcomes.

25. VJ15a (York's unemployment rate below the regional rate) and VJ15b (York's unemployment rate below the national rate) depend on the relative levels of unemployment. York's unemployment, when compared to the region, has meant that although the target of 1.5% below has not been achieved, performance is stable when compared to the same time period in 2007/08.
26. VJ15d (the balance of firms where turnover has grown rather than fallen) relates to recent sales or turnover performance in York firms. The indicator has under performed falling from 13.8% in Quarter 1 2008/09 to 4.2% in Quarter 2 2008/09. Additionally the indicator has not met the target of 20% or Quarter 2 2007/08 performance of 21.3%. Performance is due to falling consumer and company demand brought about by the generally difficult economic conditions; difficulty of obtaining credit in many cases and the feeling of uncertainty.
27. Sickness absence for Economic Development and Partnerships is 4.1 days per FTE for the first 6 months of the year. This level of performance is better than the 4.3 days lost to sickness for the same time period in 2007/08.
28. For Economic Development and Partnerships 92.34% (representing 8523 out of 9230) telephone calls were answered within 20 seconds between 1 April 2008 and 30 September 2008. This is below the corporate target of 95% and the corporate average of 94.15%.
29. Further details on performance data can be obtained from the City Strategy Performance Officer.

Capital Programme

30. The Economic Development and Partnerships capital programme comprises of two schemes for 2008/09.

	Latest 2008/09 Budget £000
Eco Business Centre (Amy Johnson Way)	58
Visitor Information Centre	100
Total	158

31. The York Eco Business Centre building handover by Helmsley Group to the Council took place on 18th August while the site at Amy Johnson Way has been now been purchased by the new building's owners and the agreement with the Council settled. The building is now leased by the Council on an 11 year lease and will be managed for the first two years by York, Selby and Malton Business Advice Centres Ltd trading as York Business Advice Centre. After this initial period the management of the centre and business management services must go out to competitive tender. The building is awaiting only its wind turbine for completion and this is expected to be installed around the end of 2008. 35 small businesses have so far moved in mid -November - 58% of the building's capacity. The provision of available space at the Eco Business Centre has greatly assisted those businesses recently displaced from Tower Court.
32. Work is progressing on the new Visitor Information Centre operation, regarding the relocation of the VIC service from the De Grey Rooms to 1 Museum Street, with advanced discussion between the Council (City Strategy and Property Services), York Conservation Trust and Visit York. The Conservation Trust has been carrying out a number of works on the interior and exterior of the building, and a final design for the VIC operation is being agreed prior to progressing detailed work on completing a high quality VIC to open in spring 2009.

Conclusions

33. The Economic Development and Partnerships Service is expected to outturn on budget of £2,361k. It is proposed that all budgets are carefully monitored throughout the year and remedial action taken where appropriate to ensure the budget is balanced by the end of the year.
34. Performance on key indicators are on target. Levels of sickness absence are better than 2007/08 for the comparative time period. The Directorate management team have successfully reviewed individual cases re sickness absence and have improved management training in order to address any further issues.

Consultation

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

Options

36. This report is primarily for information and therefore provides no specific options to Members.

Corporate Priorities

37. The principal function of this report is to provide a snapshot of the directorate's financial performance during the 2008/09 financial year. As such it contributes to the proper financial management of the authority.

Other Implications

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

Risk Management

39. Budget monitoring is a key element of the management processes by which the council minimises its financial risks. This report provides members with a detailed position of the portfolio's performance to date in 2008/09.

Recommendations

40. That the Advisory Panel advise the Executive Leader to note the financial and performance position of the portfolio.

Reason – In accordance with budgetary and performance monitoring procedures.

Contact Details

Author:

Patrick Looker
Finance Manager
City Strategy
Tel No.551633

Chief Officer Responsible for the report:

Roger Ranson
AD Economic Development

Report Approved

Date 25/11/2008

Sarah Milton

Policy and Performance
Manager
City Strategy
Tel No.551460

Bill Woolley
Director of City Strategy

Report Approved

Date 25/11/2008

Wards Affected:

All

For further information please contact the author of the report

Background Documents:

2008/09 Budget Monitoring files held in City Strategy Finance
Performance Management Framework held by Business and Policy
Development

Annexes

Annex 1 Economic Development Performance Indicators