

Economic and City Development Overview and Scrutiny Committee

14 July 2009

Report of the Director of City Strategy

2008/09 Outturn Report – Finance and Performance

Summary

1. This report provides details of the 2008/09 outturn position for both finance and performance in City Strategy, Housing Services and Licensing and Regulation within Neighbourhood Services.

Analysis

Finance – outturn overview General Fund

2. The outturn position within the City Strategy Directorate is an overspend of £275k on a total net budget of £21.1m. The Housing General Fund has a budget of £1,437k and has an underspend of £19k. There was also an underspend of £28k within the Licensing and Regulation Service Plan Variations by service plan are shown below:

	Net Budget £'000	Out-turn £'000	Variance £'000
City Strategy Directorate			
City Development & Transport	16,770	16,709	-61
Planning & Sustainable Development	1,472	1,711	+239
Resource & Business Management	266	365	+99
Economic Development	2,608	2,606	-2
Total	21,116	21,391	+275
Housing & Adult Social Services Directorate			
Housing General Fund	1,437	1,418	-19
Neighbourhood Services Directorate			
Licensing & Regulation	-4	-32	-28

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

3. Details of the main variations by service plan are detailed in the following paragraphs.

4. City Development and Transport

- a. There was a net overspend on concessionary fares totalling £+146k. This was primarily due to increased reimbursement costs for services administered by the North Yorkshire Concessionary Fares partnership. The main liability was due to the council being liable to a much higher percentage of the Yorkshire Coastliner service than has historically been charged to York. This led to an overspend of £+335k against budget. This was offset by fewer than budgeted journeys on services administered by the council (primarily First York) resulting in an underspend of £-119k. There was a further underspend of £-40k on other areas of the budget. Less people than budgeted claimed tokens resulting in a saving of £-36k on the bus token budget.
- b. There was a net underspend of £-46k on Highway Maintenance. Members will be aware that the cost of Winter Maintenance was much higher than budget (£+199k) due to the severity of the winter especially in January and February. This additional cost was contained however by managing the other maintenance budgets and by charging structural maintenance to an additional capital grant.
- c. Car Parking income was £+61k below budget which was an improvement to forecasts earlier in the year partly due to the reduced VAT rate imposed from 1st December 2008. There was also a shortfall on Penalty Charge notices income of £+62k. This was due to increased compliance with parking regulations but also long term absences within the service. Overall however the Parking account balanced (£+1k) as there were underspends on operational expenditure and staffing savings.
- d. There was an overall underspend of £-158k on employee costs across the service plan area. This was primarily within Network Management £-89k where a number of posts were unfilled.
- e. The Engineering Consultancy trading account recorded a surplus of £-89k primarily due to additional fee income earned from Section 278 agreements.

5. Planning and Sustainable Development

- a. The economic downturn has significantly impacted income within the Planning Service. Total income collected from land charges was £270k a 48% reduction on the previous year and £+176k below budget. Income from building control was a further £+146k below budget. Income from development control was above budget £-67k however this was due primarily to the major application relating to the University development.
- b. There were also a number of Village Green and planning inquiries defended by the council at a cost of £+180k above budget. The main costs related to Elvington airfield however there were also significant costs relating to Clifton grain stores and Connaught Court.
- c. There was additional unbudgeted Housing and Planning Delivery Grant of £-135k that offset the above pressures

6. Resource & Business Management

- a. The primary reasons for this overspend are the additional financial, technical and legal costs incurred on the Waste PFI project (£+114k). This project is currently at the process of selecting the preferred solution. There was also a lower than expected dividend from Yorwaste (£+118k) due to reduced tonnages and reductions in recyclates prices. To offset these overspends, there were underspends on staffing due to a number of staff vacancies, saving from early repayment of the venture fund, and savings in printing and equipment costs.

7. Economic Development

- a. There was a shortfall of £+87k from income at Newgate Market. This follows a trend of reduced stall take up at the market over the last few years. 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 forecast additional income from specialist markets (£-21k) and staffing restructure (£-12k).
- b. To offset the above cost there was additional income of £-14k in the city centre and an £-11k saving in the Partnerships team following a number of staff vacancies during the year, together with £-31k from miscellaneous savings achieved to offset the income shortfall bring the service to the net underspend position.

8. Housing Services

- a. The budget for Howe Hill Hostel has underspent by a net £-11k as a result of lower repair costs, increased expenditure on utilities and equipment and higher occupancy levels. Additional income of £-23k on private sector grant fee has arisen due to the provision of a higher number of grants than forecast, with a further underspend of £-25k due to vacancies in strategy and enabling.
- b. Offsetting these is an overspend on repairs and utility costs at travellers sites of £+33k, with minor variations producing a further overspend of £+7k.

9. Licensing & Regulation

- a. The underspend within this service plan (£-28k) was due to additional income from fees and charges in relation to the Licensing Act (£20k) and Gambling Act (£8k).

Finance – outturn overview Housing Revenue Account

10. The working balance budget on the HRA is £7,238k. This review indicates a net underspend of £276k which, together with the budgeted balance of £7,238k, now gives a total estimated balance of £7,514k. The variances include:
 - a. Overspends totalling £+890k, the main areas being jobs general, where there has been an increase in both the cost and volume of repairs work completed under the repairs partnership amounting to £+570k, increased provision for bad debts of £+102k mainly due to higher level of write-offs and £+148k for an increased contribution to fund overspend on the capital programme.
 - b. Underspends totalling £-1,166k, including £-201k from job evaluation and IT contingencies not required in the year, £-129k from increased rent income due to a reduction in right to buy sales and lower voids, £-114k on housing operations mainly due to staff vacancies, reduction in legal fees and lower than forecast payments for the golden goodbye scheme, £-97k due to a lower than forecast take-up and delays in completion of some works on estate improvement grant and £-249k additional income from interest earned due to having a higher than forecast working balance.

Performance – outturn overview

City Development and Transport

11. City Development and Transport are responsible for a 13 National Performance Indicators, 2 of which are LAA indicators. Though many are similar to indicators collected in previous years they have different definitions, different data collection methods and calculations. Therefore they cannot be compared to 2007/08 data. Furthermore 2008/09 data will be used to set future targets.
12. For 2008/09 the number of bus passenger journeys originating in the authority area (NPI 177) was 15,344,448. This just misses the set target of 15.4m but exceeds the 2007/08 figure of 14.85m. An increase in performance can firstly be attributed to the introduction of the English National Concessionary Ticketing Scheme. This has been responsible for a considerable proportion of the patronage growth. It is unlikely that this element of the bus travelling public will see a similar increase for 2009/10. Secondly other improvements such as new Park and Ride vehicles, revised timetables enabling a more reliable service, an upgraded infrastructure at certain bus stops and the launch of the first all operator bus route map have also led to an increase in passenger numbers.
13. NPI 48 (children killed or seriously injured in road traffic accidents or KSIs) is calculated on a percentage change between a three year rolling average. The change between 2005+2006+2007 and 2006+2007+2008 is 0% for 2008/09. A strong school training program which focuses on pedestrian and cycle safety has seen a sustained reduction in child KSIs.

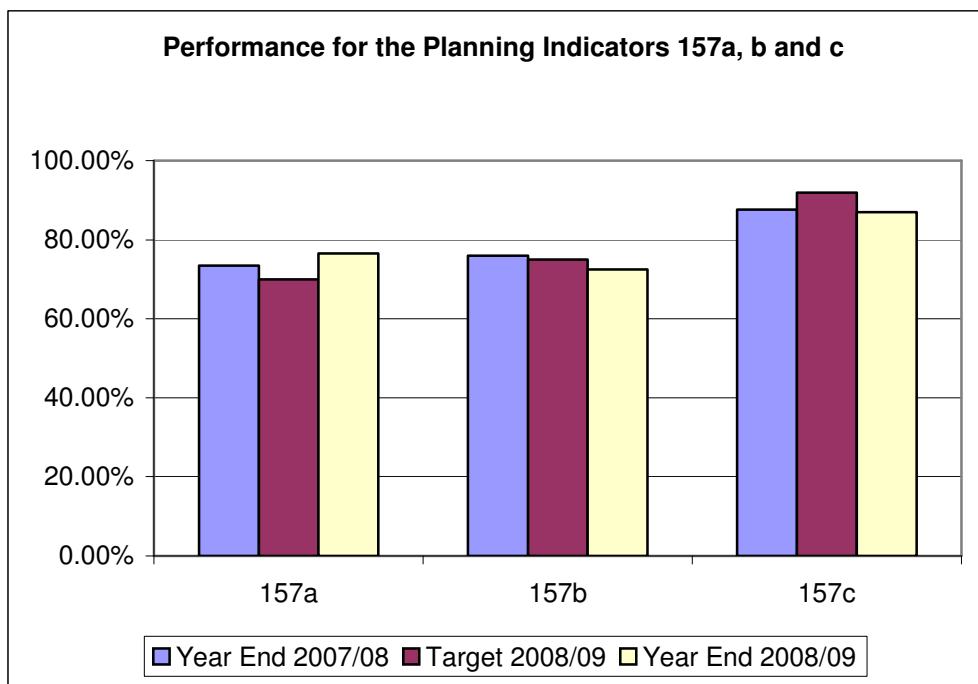
2009/10 will see a scheme funded by Cycling City extended to adults, families, secondary schools and businesses to reduce child KSIs further.

Planning and Sustainable Development

14. Overall 3 out of the 6 Planning and Sustainable Development indicators, which can be measured against 2007/08, improved, with 3 achieving their 2008/09 target. 3 out of the 4 LAA indicators can be measured. 2 indicators are improving and 2 hit the 2008/09 target.
15. The 2008/09 year end performance figure for NPI 157a (major applications) of 76.54% represents 36 out of 47 applications being determined within 13 weeks. The indicator betters both the locally set target of 65% and the government set target of 60% and 2007/08 performance of 73.44%.
16. NPI 157b (minor applications) 2008/09 year end figure of 72.54% just misses the locally set target of 75% but meets the government set target of 65%. 2008/09 performance represents 362 out of 499 of minor applications that were determined within 8 weeks.
17. NPI 157c (other applications) has achieved a 2008/09 year end figure of 87.02% which is just below the target of 90% but above the government target of 80%. This represents 1153 out of 1325 applications that were determined in 8 weeks.
18. The authority has been able to meet the government targets for the past 3 years, and expects to be able to continue to meet the targets. However there is likely to be a reduction in the percentage of applications determined within the timescales because of the drop in new major applications being received as well as the number of current applications that have already gone beyond the 13 week target still to be decided. In addition several new expected major applications will be of considerable size and would not be expected to be dealt with in 13 weeks e.g. redevelopment of Terry's Chocolate Factory.
19. Although there is expected to be a reduction in the performance figure for 2009/10, the continuation of the performance monitoring measures for 'in-time' applications and the working through of the out of time applications in the system will allow the performance to recover in subsequent years. It is not anticipated that at any time the performance will drop below the national target. The measures employed to ensure that performance is maintained include: -
 - Continuing production of guidance and procedures for staff and applications for dealing with major applications, with appropriate resources targeted towards dealing with them.
 - Changes to the use of conditions to allow applications which would otherwise expire awaiting a legal agreement to be dealt with in time
 - Changes to the Committee structure by reducing the number of sub committees to two and the holding of interim meetings to catch applications, which would expire before the next meeting.

- Increased delegation to officers for other types of applications, reducing time spent on committee report writing and preparation, allowing more time for applications processing
- The implementation of Improvement Plan actions relating to staff recruitment and retention which has led to greater stability in the staff resource
- Website development has led to fewer enquiries by telephone and correspondence, as more guidance is available on line including forms and planning application status/ history.

20. The performance of NPI 157a, b and c is represented graphically in the chart below:



Resource and Business Management

21. This service plan area 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. Resource and Business Management is not responsible for any National Performance Indicators.

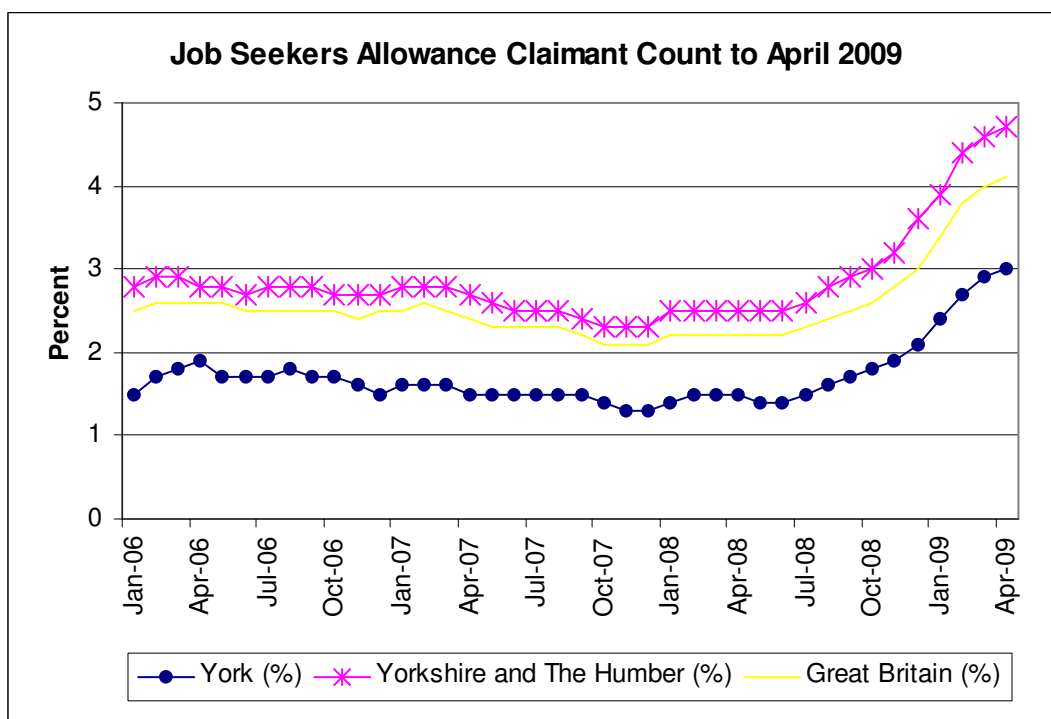
Economic Development

22. Economic Development are responsible for 12 National Performance Indicators and provide the data for 9 LAA indicators (one of which is local). Of the indicators which can be measured against 2007/08 5 out of 9 are improving and 7 met the set target.

23. NPI 152 (working age people on out of work benefits) is currently performing at 7.10% (estimate) which is better than 2007/08 figure of 7.40%. Initiatives such as "One City" and the Kingsway Action Area Project, Future Prospects and the Economic Development Strategy, are all

working together to increase the number of people in employment. (Please note the NPI 152 is reported with a 3 months time lag.)

24. It is important to put this indicator into context. York has enjoyed relatively high levels of employment and encouraging economic growth over recent years. However trends are now beginning to reflect global economic conditions with the number of people claiming Job Seekers Allowance rising and confidence levels falling.
25. Through the up-to-date monthly release of Job Seekers Allowance claimant data, which makes up one part of the data used for NPI 152, the graph below shows that after July 2008 the percentage of people claiming Job Seekers Allowance has increased in York. Though this rise follows a national and region trend York's unemployment rate remains below Yorkshire and Humber and Great Britain performance.



Housing Services

26. Overall 3 out of the 4 Housing indicators, which can be measured against 2007/08, improved, with 2 achieving their 2008/09 target. Both of the relevant LAA indicators are improving and 1 has hit the interim 2008/09 target.
27. NP 155: Affordable homes (LAA indicator) - good progress has been made in the number of affordable homes available in York, with 151 homes being delivered in 2008/09 compared to a target of 165. These targets were set well before the economic downturn began and this represents a significant achievement. However, given the time lag in building homes it is unlikely that the challenging LAA targets set for 2009/10 (280) and 2010/11 (350) will be achieved.

28. NP 156: Homelessness (LAA indicator) - the number of households living in temporary accommodation in 2008/09 was 167, a 20% decrease on the 209 households reported in 2007/08. This comes in slightly under the LAA target of 170 and represents a good achievement given that the target was set before the current credit crunch and housing market problems started. It also keeps CYC on track to achieve the 2010/11 target of 110, in line with the Government's ambitious expectation of a 50% reduction.
29. NP 158: Non-decent council homes - this indicator measures the % of non-decent council homes in York as the proportion of the total council housing stock. In 2008/09, the number of non-decent homes in York nearly halved, reducing to 5.7% (from 10% in 2007/08). This has moved York from 2nd to top quartile when compared to other local authorities.

Licensing

30. Licensing is not responsible for NPIs or LAA indicators. However an exception to the Licensing Service plan is that the Pub Watch Scheme is on hold, pending the result of some legal challenges to a similar type of scheme in another area, therefore will miss the set milestone.

Corporate Priorities

31. The information included in this report demonstrates progress on achieving the council's corporate strategy (2007-11) and the priorities set out in it.

Implications

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

Risk Management

33. The report is primarily a look back at finance and service performance and therefore there are no significant risks in the content of the report. It is important to consider however that there are a number of ongoing budgetary pressures that are likely to impact the services that are included within this scrutiny remit into 2009/10. The ongoing economic downturn is impacting on income budgets within Planning due to the reduction in major developments whilst there is also a reduction in parking transaction across the city. The reduction in Yorwaste dividend is also anticipated to continue into 2009/10 as waste levels reduce. The pressure of reduced income will put pressure on the need to control expenditure in 2009/10 and will require close monitoring throughout the year.

Recommendations

34. As this report is for information only, there are no recommendations.

Reason: To update the scrutiny committee of the outturn position.

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Specialist Implications Officer(s) None

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

All

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Background Working Papers

Year-end Performance and Financial Report for 2008/09, Executive 23rd June 2009

Annexes

None