

Report of the Director of City Strategy

2010/11 Finance and Performance Monitor 2 Report

Summary

1. This report provides details of the 2010/11 forecast outturn position for both finance and performance in City Strategy and Housing Services.

Analysis

Finance – forecast outturn overview General Fund

2. The current outturn position within the City Strategy Directorate is a projected overspend of £+940k on a total net budget of £7,818k. The Housing General Fund has a budget of £1,513k and is expected to overspend by £112k. Service Plan Variations by service plan are shown below:

	Net Budget £'000	Projected Outturn £'000	Variance £'000
City Strategy Directorate			
City Development & Transport	4,247	4,253	+6
Planning & Sustainable Development	1,358	1,640	+282
Director's Group	-337	-4	+333
Economic Development	2,206	2,163	-43
Property	600	778	+178
More for York savings target	-256	-72	+184
Total	7,818	8,758	+940
Housing Services			
Housing General Fund	1,513	1,625	+112

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.

City Development and Transport (£+6k)

4. Car Parking income is forecast to be £+288k below budget which is made up of £+111k short stay, £+163k standard stay, £+17k on-street offset by net £-3k surplus on Respark and season tickets.

5. There is an underspend of £-53k on employee costs within School Crossing Patrols and Transport Planning where a number of posts were unfilled in the first part of the year, and a further £-22k from a vacancy in Emergency Planning.
6. There are expected to be £+5k additional consultation costs in preparing the LTP3, however this is offset by £-12k saving in new residents parking zone due to low demand, £-150k saving on concessionary fares and £-40k saving in public transport.

Planning and Sustainable Development (£+282k)

7. The economic downturn has continued to have a significant impact income within the Planning Service. The planning income projected shortfall is £+140k due to low numbers of major scheme applications, but an improvement on the £+500k reduction in income reported last year. This is offset by £-18k staff saving due to restructuring the team.
8. Income from building control is projected to be a further £+240k below budget but offset by £-65k staff savings. Income from local searches is expected to be £+60k below budget due to low activity in the housing market, also offset by £-45k staff savings.
9. Design & Conservation have £-10k staff saving and £-10 saving in maintenance

Resource & Business Management (£+333k)

10. The primary reason for this projected overspend is the lower than expected dividend from Yorwaste (£+400k) due to a continuing difficult trading conditions and also the need to write-off a failed investment. This is offset by £-67k staff saving due to apprentices leaving or providing maternity cover and from reduced operating costs.

Economic Development (£-43k)

11. Officers have carried out a detailed review of markets and city centre budgets and have realigned the budgets accordingly. Income has improved and a surplus of £-20k is expected together with £-23k saving in salaries and overheads. Other budgets for Science City, Tourism and Inward Investment relate to guaranteed contributions to partner organisations that deliver the service.

Property Services (£+178k)

12. The main variation within Property Services is that Commercial property income is expected to be £+176k below budget, linked to not receiving wayleave income at Harewood Whin and from lost income due to property sales.
13. There are further overspends due to the decision to defer asset sales in the current economic climate which has resulted in £+85k additional costs of holding surplus assets such as Manor school Lowfields school and Parkside.

14. There is expected to be £-83k saving in energy and maintenance in the council's accommodation budget

Remedial Action

15. The Departmental Management Team have asked managers to review expenditure budgets and consider what actions can be undertaken to bring the budget back on target and a further £-72k savings have already been anticipated.
16. In addition, the director has been allocated £-256k savings target in connection with the More for York programme. These savings relate to improved administration in planning and building control, staff saving due to use of scanned documents, and review of facilities management and office closing times. Whilst progress is being made it is unlikely that any savings will result in this financial year.
17. The Executive recommended the release of £400k from reserves in recognition of the budget pressures arising from the Economic downturn and has set a revised outturn target for City Strategy of £+190k overspend. To achieve this the directorate, the Directorate Management Team will have to find an additional £-350k savings.

This is summarised as follows:

Reported overspend	£+940k
Reserve allocation	£- 400k
Additional savings	<u>£- 350k</u>
Revised overspend	£+190k

18. These additional savings will be challenging to identify however the Directorate management Team is committed to review all spending areas and identify what budgets could be saved for the remainder of the year.

Housing Services (£+112k)

19. The review of the Housing General Fund budgets indicates a forecast underlying overspend of £112k. An overspend of £143k on utility costs and repairs at travellers sites is offset by an additional income being received at Howe Hill due to higher occupancy than forecast (£21k) and forecast increase income from Home Appreciation Loans (£10k). All managers have been set a target to deliver additional savings during the remainder of the year, with an expectation that overall Housing General Fund will outturn within the approved budget.

Finance Housing Revenue Account (HRA) - Non General Fund account

20. The working balance budget on the HRA is £8,764k and this review indicates a net underspend of £-271k, leaving a projected working balance of £9,035k. The variances include:
 - Overspends totalling £+120k, the main areas being overspends on lift repairs and additional health and safety equipment purchased for estate

workers along with reduced income and a reduction in interest received on the balances held.

- Underspends totalling £-391k, mainly due to staff vacancies across housing operations, asset management and temporary accommodation along with reductions in interest payable and increased income from leaseholders and shops.

Performance – Monitor 2 Overview

City Development and Transport

21. Bus and Park & Ride Passengers: There were 7.39m bus passenger journeys in York between April and September (excluding Park & Ride). This is slightly higher than the same period last year (see table below). Park & Ride passengers increased in Q2 and the total for the first 6 months of this year is now on a level with the same period last year. This is despite the disruptions to the Grimston Bar site earlier in the year (which was affected by roadworks at Hopgrove roundabout and on Hull Road) and the ongoing reduction in passengers using the Rawcliffe Bar site as result of the Aviva office on Shipton Road closing.

Bus Passenger Numbers in York

	Apr	May	June	July	Aug	Sept	Change Since 2009
2009	1,182,709	1,203,513	1,236,274	1,297,499	1,217,444	1,229,886	(+22,000)
2010	1,232,241	1,235,700	1,197,397	1,283,812	1,215,271	1,224,645	(+0.3%)

Economic Development

22. Unemployment in York is currently 2.5% below the regional and 1.5% below the national average, and represents a decrease of 0.5% since April (source : OECD). Another indicator often seen as a more accurate indication of unemployment is the number of York residents claiming job seekers allowance, which was 3,439 in September 2010 – again a small decrease from the previous month. This equates to 2.5% of the working age population and is well below the claimant count for Yorkshire and the Humber (4.1%) and the UK (3.5%). The number of young people in York who are not in employment , education or training (NEET) remains one of the lowest in the North of England and current data indicates York is performing at similar levels to last year. However, this could improve further with over 100 young people now on pre-level 1 training programmes.

Housing

23. The number of affordable homes delivered in York is expected to increase to 225 based on Q2 projections, which represents a 73% increase on last year. Homelessness data in York also continues to improve, with 76 households reported as being in temporary accommodation, compared to 108 in the same period in 2009/10.

Corporate Priorities

24. The information included in this report demonstrates progress on achieving the council's corporate strategy (2009-12) and the priorities set out in it.

Implications

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

Risk Management

26. 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

27. 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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Specialist Implications Officer(s) None

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

All

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Background Working Papers

Second Performance and Financial Monitor for 2010/11 , Executive 16th November 2010 Annexes- None