

## Economic and City Development Overview and Scrutiny Committee

5<sup>th</sup> April 2011

### Report of the Director of City Strategy

#### 2010/11 Finance and Performance Monitor 3 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 £+588k on a total net budget of £8,214k. The Housing General Fund has a budget of £1,513k and is expected to underspend by £-30k. Service Plan Variations by service plan are shown below:

	Net Budget £'000	Projected Outturn £'000	Variance £'000
<b>City Strategy Directorate</b>			
City Development & Transport	4,254	4,165	-89
Planning & Sustainable Development	1,358	1,593	+235
Director's Group	-347	103	+450
Economic Development	2,205	2,125	-80
Property	600	816	+216
Reserve transfer	400	0	-400
More for York savings target	-256	0	+256
<b>Total</b>	<b>8,214</b>	<b>8,802</b>	<b>+588</b>
<b>Housing Services</b>			
Housing General Fund	1,513	1,483	-30

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 (£-89k)

4. Car Parking income is forecast to be £+308k below budget which is made up of £+79k short stay, £+207k standard stay, £+27k on-street offset by net £-5k surplus on Respark and season tickets.

5. There is an underspend of £-69k on employee costs within School Crossing Patrols and Transport Planning where a number of posts were unfilled in the first part of the year, £52k savings within Network Management, mainly due to additional income from utilities, and a further £-23k 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, £-60k saving in public transport and £-30k capital scheme funding.

#### Planning and Sustainable Development (£+235k)

7. The economic downturn has continued to have a significant impact income within the Planning Service. The planning income projected shortfall is £+130k due to low numbers of major scheme applications, but an improvement on the £+500k reduction in income reported last year. This is offset by £-17k staff saving due to restructuring the team and £-35k legal costs.
8. Income from building control is projected to be a further £+230k below budget and there is £21k More For York cost of mobile working, offset by £-63k staff savings. Income from local searches is expected to be £+45k below budget due to low activity in the housing market, also offset by £-44k staff savings.
9. Design & Conservation have £-10k staff saving and £-10 saving in maintenance

#### Director's Group (£+450k)

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. In addition, there are additional costs (£+119k) incurred in delivering the Waste Project with North Yorkshire County Council. This is offset by £-69k staff saving across the service area.

#### Economic Development (£-80k)

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 £-40k is expected together with £-40k 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 (£+216k)

12. The main variation within Property Services is that Commercial property income is expected to be £+181k 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 £-50k saving in energy and maintenance in the council's accommodation budget

### **Remedial Action**

15. In addition, the directorate 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 not anticipated that any savings will result in this financial year.
16. The Executive has released 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 £-398k savings.
17. 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. 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 (£-30k)

18. The review of the Housing General Fund budgets indicates a forecast underspend of £-30k. 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 (£-92k) and forecast increase income from Home Appreciation Loans (£-20k). Other minor variations total an underspend of £-61k.

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

19. The working balance budget on the HRA is £8,753k and this review indicates a net underspend of £-436k, leaving a projected working balance of £9,189k. The variances include:
  - Overspends totalling £+236k, 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 £-672k, 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 3 Overview

### City Development and Transport

20. The number of people killed or seriously injured in road traffic accidents in York as at Q3 is at similar levels to last year. The number of adult related incidents increased slightly (44 compared to 38 for same period last year), but the number of child related incidents has fallen significantly (1 compared to 6). Successful initiatives such as the 'Made you Look' campaign and the 'Safer Business Driving' Conference continue to have a positive impact. A safer driving campaign event for older drivers was also held in October and further work is planned.

### Economic Development

21. Unemployment in York at 3.1% is currently 2.6% below the regional and 1.5% below the national average, and represents a decrease of 0.6% 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 3,354 in December 2010 – a small increase 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%).
22. 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 at 3.6%. York has seen a reduction in 16 year-olds that are NEETS, which reduced to 29% in 2010 (from 47% in 2009). ACE has forecast that this could improve further with a planned increase in the number of young people attending pre level 1 training programmes.
23. Processing planning applications - the number of 'minor' planning applications determined within 8 weeks stands at 79% for Q3 (a 3% decrease on last year). The number of 'major' applications determined within 13 weeks has reduced (currently 72% compared to 79% in the same period for 2009-10). This equates to 10 out of 36 applications failing to meet the 13-week timescale.
24. The decline in performance is due to a significant increase in the number of planning applications received in the first 9 months of 2010 - in particular, a much higher number of major applications. Some of these applications have involved complex legal agreements, which have taken the timescale beyond the 13 week target period. The number of applications dealt with under delegated powers also reduced due to a larger proportion of applications called in by members to sub committees, which often creates a delay in the determination deadline. The Planning service reduced staffing levels by nearly 20% in 2009-10 to react to a drop in application numbers (and fee income) over the preceding 18 months. The unexpected increase in applications so far this year has therefore been affected by a reduced capacity of planning officers.

### Housing

22. The number of affordable homes delivered in York is expected to increase to 249 based on Q3 projections, which represents a 73% increase on last year. CANS are working with Yorkshire Housing to complete a further 50 affordable

homes before April 2011, which could bring the year-end total to almost 300 homes, a considerable achievement in the very challenging housing market and economic downturn.

23. Homelessness data in York also continues to improve, with 79 households reported as being in temporary accommodation, compared to 167 when the recession started (a 54% reduction).

### **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.

### **Contact Details**

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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**

**Third Performance and Financial Monitor for 2010/11 , Executive 15<sup>th</sup> February 2011**

**Annexes**

**None**