

**Economic and City Development Overview
and Scrutiny Committee**

24 July 2012

Report of the Director of City and Environmental Services

2011/12 Finance and Performance Outturn Report

Summary

1. This report provides details of the 2011/12 forecast outturn position for both finance and performance in City Strategy and Housing Services.

Analysis

Finance – forecast outturn overview General Fund

2. The outturn position within the City Strategy Directorate was an underspend of £-271k compared to a total net budget of £7,307k, an improvement on the £-146k reported at Monitor 3. The Housing General Fund had a budget of £1,143k and underspent by £461k. Service Plan Variations by service plan are shown below:

	Net Budget £'000	Outturn £'000	Variance £'000
City Strategy Directorate			
Strategic Planning & Transport	4,768	4,137	-631
Planning & Sust. Development	1,812	1,932	+120
Director's Group	141	158	+17
Economic Development	1,862	1,775	-87
Property*	-927	-1,061	-134
Service Review	-349	0	+349
Levy on carbon use*	0	+95	+95
Total	7,307	7,036	-271
Housing Services			
Housing General Fund	970	717	-253

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

- ‘-‘ indicates a reduction in expenditure or increase in income
* indicates services not included within this scrutiny committees remit

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

Strategic Planning and Transport (£-631k)

4. Car Parking income was £43k above budget. There was a saving of £206k saving in concessionary fares and a £92k saving from a lower than estimated use of Taxicards. There was also an operational saving of £28k from the Dial & Ride service.
5. There was an underspend of £110k on employee costs within school crossing patrols and transport planning where a number of posts were unfilled during the year, £54k saving in road safety initiatives and a further £53k saving from holding vacancies in the drainage section.
6. A review of Local Development Framework funding resulted in a net saving of £17k.
7. Net savings in network management (£78k) were offset by the free park & ride service on Boxing Day (£10k) and other miscellaneous costs (£40k).

Planning and Sustainable Development (£+120k)

8. The economic downturn has continued to have a significant impact income within the Planning Service. Income from building control was £207k below budget. Income from local searches was £47k below budget due to low activity in the housing market, also offset by £33k staff savings. Planning income improved in the final quarter, resulting in £56k surplus due to fees major scheme applications. There was further £44k savings in the Major Development Project team and the Design and Conservation.

Director's Group (£+17k)

9. An additional £45k Yorwaste dividend was offset by £48k additional cost of the waste PFI project and £14k additional overheads.

Economic Development (£-87k)

10. There was a saving of £17k from a vacancy plus £70k additional income/ expenditure savings from City Centre and markets.

Directorate Service Review (£+349k)

11. The directorate had an overall savings target of £814k. It was not possible to deliver the full year savings due to the time required to implement and there were some one-off redundancy costs. This resulted in a shortfall of £349k in 2011/12. However, the full year savings have been made in 2012/13.

Housing Services (£-253k)

12. Housing Services General Fund budgets underspent by £-253k.
13. An underspend of £240k related to Homelessness casework where demand for funding was lower than expected, a £177k refund of Golden Triangle Project contribution, an overspend of £42k on repairs to travellers sites and an increase of £24k for bad debt provision. There was also a further underspend of £110k on staffing budgets across housing services.
14. There was a shortfall in fee income across building maintenance that resulted to an overspend of £208k on the account.

Finance Housing Revenue Account (HRA)

15. The working balance budget on the HRA is £9,320k and the outturn is showing a net underspend of £1,491k, leaving a working balance of £10,811k. The variances include underspends totalling £336k on Repairs and Maintenance, £509k on General Management costs and £268k on Temporary accommodation/Sheltered Housing.

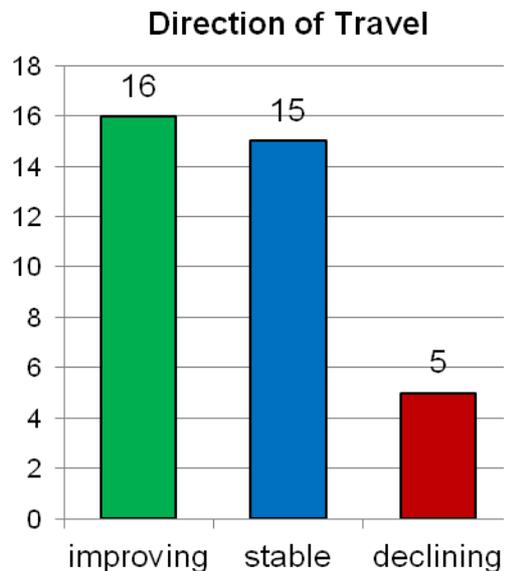
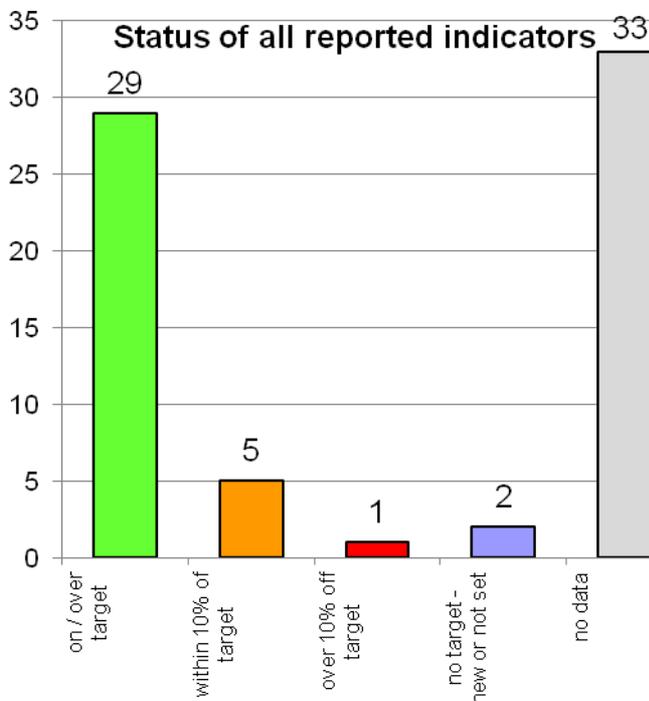
Performance – Year End Overview

16. As the old City Strategy Directorate, City Strategy had 70 performance indicators, 33 of which are unable to be reported because the data is unavailable until various government returns are undertaken in July. Of these 70 indicators 26 are transferring out of the Directorate.

17. Of the 36 reportable indicators at year end there are only 5 where performance has declined (although 3 have exceeded the target set) and one of these where the target set has not been met.

Performance Indicator	Current Performance & Status	Annual Target	Comparator for Direction of Travel*	Direction of Travel	Comments on performance
P2: NPI 157b: Percentage of minor planning applications determined within 8 weeks.	74.2% (Target met)	65%	78.7%	↓	296 out of 399, numbers stable (404 last year)
BC4: Building Control decision advised within the statutory time limit	94% (Within 10% of target)	99%	99%	↓	The decline in performance is attributed to a reduction in staffing levels.
NPI 154: Net additional homes provided	321 (Target not met)	635	514	↓	The significant reduction in homes provided reflects the current market conditions.
BVPI 106 - The percentage of new homes built on previously developed land	68.60% (Target met)	65%	86.9%	↓	A reduction in percentage from last year is attributable to the changes of definition of what is now classed as 'Brownfield land'. If we were to

					calculate this using the previous methodology we would have a percentage of over 98% - a substantial improvement on 2010/11.
CCP3: Percentage of stall take ups in Newgate Market	72.3% (Target met)	70%	76.0%	↓	10/11 figure was particularly high, 11/12 figure is in line with improvements from previous year's levels (68.3%, 69.9%, 70.7%)



Priority: Get York moving

Key Performance Headlines

18. Positive progress is being made towards delivering the Get York Moving priority, with funding secured for various different programmes which will improve movement in the city. Park & Ride usage has increased by 8% this year and funding was secured to extend the Park & Ride programme from five sites to seven. Completion of the scheme for the new sites is scheduled for April 2014.
19. Bus passenger numbers have remained stable this year at around £15 million and, with the Better Bus Area Fund secured, the service will be improved in the future, including the creation of 5 bus interchanges across the city centre and improved reliability and information for passengers. Furthermore, the Quality Bus Partnership is examining new partnership/contractual arrangements with operators in the city to improve all aspects of bus travel, whilst promised changes to the FTR service have been made.
20. The increase in Park & Ride passengers and the number using buses does not appear to have affected the numbers using car parks, which has also increased by 1.7% this year.
21. Funding has also been secured for further extension of the sustainable transport programme. Through the Intelligent Travel York programme improvements will be made to the cycling and pedestrian network and improve sustainable travel in the city between July 2011 and March 2015.

Priority: Protect the environment

22. Key Performance Headlines against Council Plan Actions
 - York has an outstanding built and natural environment, with iconic world class heritage. York's distinctiveness needs to be used to attract further investment and sustainable growth, without compromising what makes the city attractive. To succeed requires combining economic growth with reduced environmental impact, as well as placing expectations on individuals to adjust their behaviour.

- Progress has been made to reduce the carbon footprint for the city as a revised Carbon Management Improvement Programme for the Council has been approved. Also the Council continues to offer free loft and cavity wall insulation for York residents in partnership with Yorkshire Energy Partnership. Efforts to reduce CO2 emissions would appear to be successful with a 21% reduction in emissions in the local authority area since the baseline year of 2005, showing good progress towards the 2020 target of a 40% reduction. York has achieved the largest CO2 reduction when compared to similar local authorities.
- The Council has been graded as Level 1 for how it is adapting to climate change, which represents no change since 2010/11. Progress is being made towards Level 2, including a full risk assessment of Council services and beginning wider engagement with strategic partners. However to achieve Level 2 the Council needs to begin implementing appropriate adaptive responses in priority areas and service plans.
- In an effort to reduce CO2 from streetlights an extensive street lighting replacement programme has begun. Over the last two years there has been a reduction of 20.14% in energy consumption from street lighting, making good progress towards the five year target of -25%.
- In terms of the environment a York Central Historic Core Conservation Area Character Appraisal has been adopted, the first for major City Conservation Area. Alongside this there was been a 3% increase in conservation areas with an up to date character appraisal and an 8% increase in the active management of local sites to improve bio-diversity.
- Other progress related to the environment includes the implementation of Environmental Stewardship and habitat creation schemes, including wild flowering of sections of the City Walls. Also, over 50,000 trees have been planted so far as part of Treemendous, including 1,100 as part of small local schemes

23. Key Performance Headlines Non Council Plan Actions

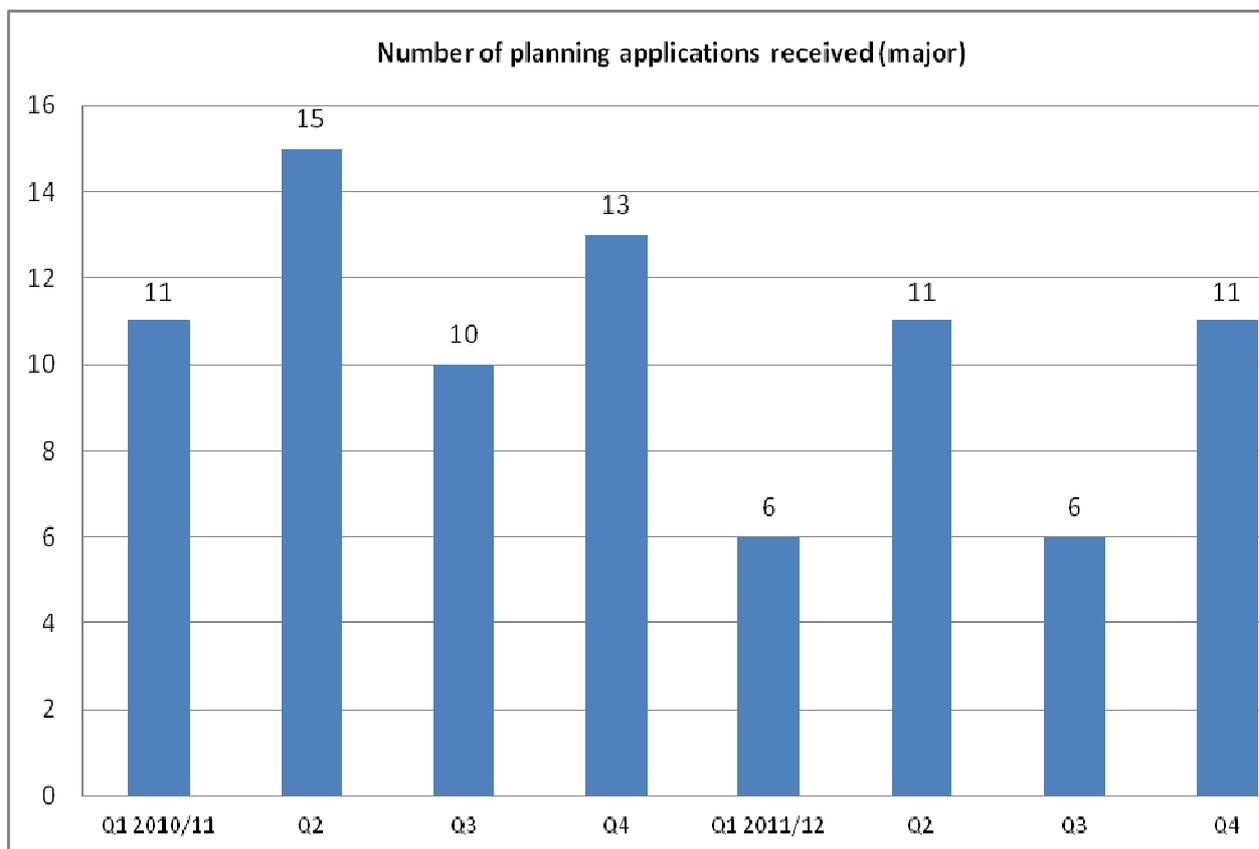
- The percentage of new homes built on previously developed land (68.6%) has exceeded the target of 65% but has declined significantly in comparison to the 2010/11 figure of 86.9%. This decline is attributable to a change of what is now classed as 'Brownfield land'. If we were to calculate this using the previous definition we would have a percentage of over 98% - a substantial improvement on 2010/11.

Priority: Create jobs and grow the economy

24. Key performance headlines against Council Plan Actions

- The city of York now supports more than 114,000 jobs and contributes £4bn (GVA) of value to the national economy. However, the growth forecast for York based on the Regional Econometric Model (REM) is low compared to others (based on a number of factors but predominantly lower than average growth in the private sector) and economic conditions are set to remain challenging but York has significant potential to grow.
- Business growth over the past year shows a mixed picture. There has been a positive increase in the rate of early stage business start ups, placing York top of the region for growth in early stage starts, and improved long term business survival rates. This has contributed to fewer vacant shops and encouraging footfall results when compared with other benchmark areas. However, the rate of VAT registrations (£71K threshold) in York remains below national comparator cities. This means the city has work to do to ensure that early stage starts have the opportunity to grow to the VAT registration threshold.
- York's commitment to growth has enabled some key actions to be achieved including the York Business Conference (part of an award winning week) attended by over 100 business representatives, the Economic Development Strategy, a single point of contact for businesses via the Economic Development Team with a new online business portal, local source bias included in procurement strategy, and increased business intelligence capacity. Negotiations with a national provider are nearly complete for Free Wi-Fi across large parts of the city centre which will attract businesses and tourists.

- York's residents are more productive (GVA per head) than any other residents in the region other than Leeds. Nonetheless, York's productivity does not rank as well nationally against UK comparator cities (£20,242 per head which is 27th out of 64 UK cities).
- Reduced numbers of job seeker allowance's claimants is helped by York's commitment to doubling the Apprenticeship target creating over 200 new posts in the city and further investment in the city centre including securing commitment for a Network Rail centre in the city (500 jobs). However, York maybe affected by a higher proportion of people employed in the public sector compared to other cities.
- Youth unemployment shows a positive picture with high benchmark results but the number of NEETs (Not in Education, Employment or Training) now ranks 30th nationally which is down on the 7th place from the year before. Long term unemployment amongst those 24 and under has risen sharply, although well below comparator levels (relatively small numbers from 30 to 100 people).
- The number of major planning applications processed within the required timescales has increased in comparison to 2010/11 (76.5%, compared to 75.5% in 2010/11). The number of minor applications processed within 8 weeks has reduced slightly to 74.2% (from 78.7% 2010/11) although is exceeding the nationally set target. Processing times have been improving as a result of process improvements, however recent structural changes, as well as the signing of legal agreements on long outstanding major applications such as Terry's, Nestle and Hungate (triggering the issue of the formal decisions), may result in a temporary decrease in performance stats in the first quarter of the new financial year.



Housing

25. York has been nominated for LA Landlord of the Year at the UK Housing Awards 2012. This reflects: the increase in overall tenant satisfaction with the LA; the work done over the course of a year where nearly 1000 households have been prevented from becoming homeless; and the development of the empty property strategy, to bring vacant buildings back into use. However, performance has slightly dipped over affordable housing as there were 151 affordable housing completions for 2011/12, against a target of 171. This is largely due to the delay of the 19 Council houses at Lilbourne Drive. 11 were completed in April 12, with the remainder to follow late summer. There has also been a significant decrease in the completions through government backed HomeBuy schemes on previous years.
26. High re-let times in the first few months of the year have had a significant effect on the cumulative indicators for void times and void rent loss, this was caused by a 25% increase in the number of properties becoming void between Dec 10 and July 11 which coincided with a reduction in resources (repairs operatives) to affect the speed properties were prepared for re-letting.

A detailed action plan was put in place from June 11 which greatly improved the monthly figures, however the overall targets have not been met despite good performance in the latter half of the year.

Housing Management will continue to build on the improvements in void times by working together to improve the time taken to repair and let voids as well as addressing issues of quality. This will be informed by the work currently ongoing with tenant inspectors.

Council Plan

27. The information included in this report demonstrates progress on achieving the aims and priorities set out in the Council Plan.

Implications

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

Risk Management

29. 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

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

Reason: To update the scrutiny committee of the final Outturn finance and performance position for 2011/12.

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Specialist Implications Officer(s) None

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

Background Working Papers

2011-12 Finance and Performance Monitor, Cabinet 17th July 2012

Annexes

None