

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

25th September 2012

Report of the Director of City & Environmental Services

2012/13 Finance and Performance Monitor 1 Report

Summary

1. This report provides details of the 2012/13 forecast outturn position for both finance and performance in City & Environmental Services and Housing Services.

Analysis

Finance – forecast outturn overview General Fund

2. The current outturn position within the City & Environmental Directorate (excluding Highways, Waste & Fleet) is a projected overspend of £+197k on a total net budget of £3,961k. Economic Development has a budget of £1,301k and is expected to underspend by £-10k. The Housing General Fund has a budget of £-292k and is expected to overspend by £+431k. Service Plan Variations by service plan are shown below:

	Net Budget £'000	Projected Outturn £'000	Variance £'000
City & Environmental Services			
Strategic Planning & Transport	2,798	2,799	+1
City Development & Sustainability	469	665	+196
Director's Group	694	694	0
Total	3,961	4,158	+197
Economic Development	1,301	1,291	-10
Housing Services			
Housing General Fund	-292	139	+431

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.

Strategic Planning and Transport (£+1k)

4. Car Parking income is forecast to be £167k below budget which is made up of £2k short stay, £155k standard stay, £30k on-street and £20k surplus on Respark and season tickets. The shortfall is partly a result of the recent bad weather, the continued effect of the economic downturn and the temporary closure of Haymarket car park due to archaeological works.
5. There is expected to be £150k saving from concessionary fares and reduced use of taxi cards, an underspend of £14k on employee costs within School Crossing Patrols where a number of posts are unfilled, and a further £2k from a vacancies in drainage.

Planning and Sustainable Development (£+196k)

6. The economic downturn has continued to have a significant impact income within the Planning Service. Income from building control is projected to be a further £250k below budget but offset by £109k staff savings. Income from local searches is expected to be £90k below budget due to low activity in the housing market, also offset by £35k staff savings.

Director's Group (£ nil)

7. Expenditure is expected to be contained within budget across the Director's group.

Economic Development (£-10k)

8. There is forecast to be £-10k additional income from Newgate and speciality markets following the demolition of Parliament Street toilets.

Remedial Action

9. The Departmental Management Team have asked managers to review expenditure budgets and consider what actions can be undertaken to bring the budget back into a balanced position.

Housing Services (£+431k)

10. The review of the Housing Services General Fund budgets indicates at monitor 1 that the service will be £431k over budget. This is due to the building maintenance account being unable to meet its budgeted surplus of £164k and an allocation of cross directorate savings of £285k that is the housing and community safety share of cross-directorate savings, offset by £18k miscellaneous savings. The Community and Neighbourhoods Management Team are considering mitigation plans that will bring expenditure into line with budget.

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

11. The working balance budget on the HRA is £10,120k and this first review indicates a net underspend of £116k, leaving a projected working balance of £10,236k. The variances include:
 - Overspends totalling £+31k, the mainly due to higher maintenance of housing stock.
 - Underspends totalling £-146k, mainly due to vacancies in sheltered housing and additional income for services and facilities.

Performance – Monitor 1 Overview

Priority: Get York moving

Key Performance Headlines

12. Positive progress is being made on the Access York programme with contractor procurement having begun and a tender issue expected in early September 2012. This follows the agreement of the highway layouts in April and means the project is on target to commence construction in February 2013.
13. Improvements to bus services in the city have begun, including the upgrade of approximately 70 bus stops to improve accessibility for disabled people as well as health and safety improvements.
14. The implementation of 20 mph speed limits in the pilot areas is progressing; with a traffic order was made for the South Bank

scheme in July 2012 and is scheduled to go ahead in September 2012.

15. Consultation is also underway with businesses on the potential development of a Freight transshipment consolidation centre that would reduce the number of large delivery vehicles in the city centre and footstreets area, as a means of reducing congestion and improving air quality and the retail environment.

Priority: Protect the environment

Key Performance Headlines

16. There has been a 21% reduction in CO2 emissions in the LA area since the baseline year of 2005 (1,327,000 tonnes of CO2), showing good progress towards the 2020 target of a reduction of 40%. Industry and Commercial organisations have been the largest contributor to CO2 reduction in York. Domestic CO2 has reduced, but not at the same rate as industry and commerce. It is expected that energy cost increases of the last two years will drive down domestic consumption.

Priority: Create jobs and grow the economy

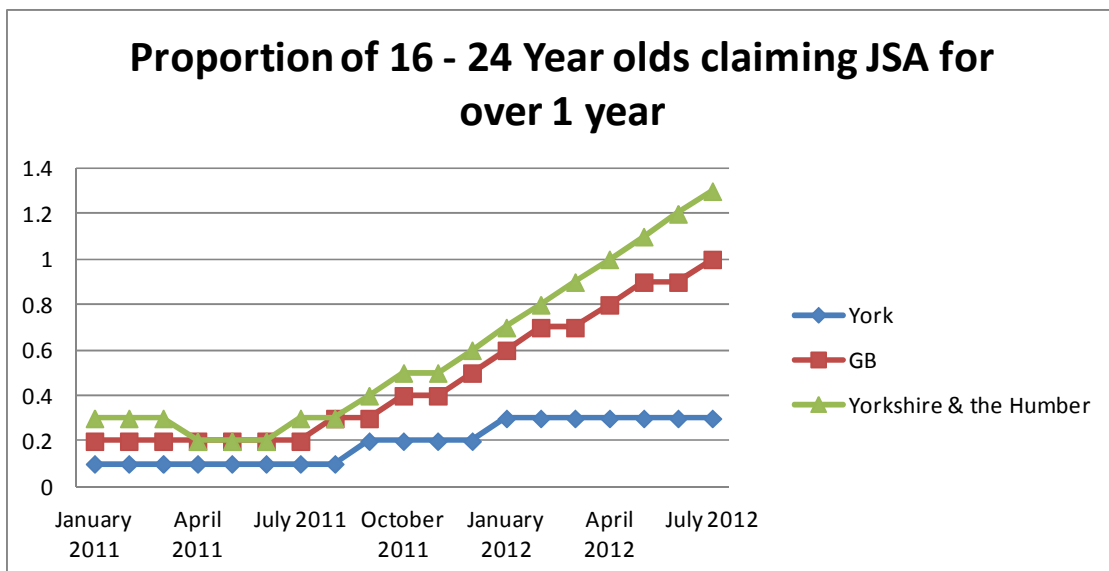
Key Performance Headlines

- York maintains its position as the most stable economy in the region
 - Workforce skills are ranked 3rd best out of 64 cities
 - NEET levels continue to sit well below regional and national averages
 - 400 new apprentices over the last year
17. The number of jobseekers has fallen below regional averages and in fact is below the level of a year ago showing that the work being done to create an environment for businesses to grow is working.
 18. The Economic Infrastructure Fund (EIF) is using £28.5m over 5 years to stimulate initiatives to maintain and grow York's economy. Whether through loans or grants this fund is key to protecting future prosperity. Alongside the EIF is the Delivery and Innovation Fund. This fund of £1m in 2012/13 is to secure a step change in service delivery by enabling us to take advantage of the latest innovation approaches and techniques, support the major projects to enable these change and secure the delivery of our key priorities.

19. York has been a key partner in the successful negotiation of the Leeds City Deal, which ultimately will enable greater local control over transport funding and bringing forward of critical local, regional infrastructure, as well as devolution of some further funding in apprenticeships. As now an associate member of the Association of West Yorkshire Authorities (AWYA) the city is positioned for greater influence in the Leeds City Region agenda in future.
20. The Council has also played a strategic role in developing the case and supporting the successful bid by Leeds-Bradford Airport to reinstate four flights a day from London Heathrow.
21. York is a national leader in education provision and this continues to be a key part of the city's exceptional offer and the resulting high level of workforce skills also continue to be a feature of the city's economy. Supported by its high quality of school education and its two large universities, York has a greater percentage of highly qualified working age residents and a lower rate of unqualified people in the workforce than most other UK cities. The 'attainment gap' at Key Stage 4 is also falling, meaning that children who are potentially more vulnerable to low achievement are attaining results closer to the average for the city. The city has also created 400 new apprenticeships over the last year, representing increased opportunities for young people to gain skills and progress into employment. Early indications from the recent A Level results show that previous high standards have been maintained, with 28% of entries awarded A*/A grades and over 78% of entries being awarded grade A*, A, B or C. Very early indications on GCSEs show that we have maintained our high standards of last year with an indicative headline figure showing 62% 5A*-C including English and Maths has been achieved. This is second in the region.
22. However, the city still has a high proportion of graduates in basic jobs and there is a need to continue to drive the creation of higher skill jobs for graduates so as to create opportunities for those in the workforce with more appropriate skill levels for the basic roles.
23. As stated above, the York economy continues to perform extremely well against the regional and national picture. We are currently ranked 3rd (out of 64 cities) for low unemployment and latest figures show that York's unemployment rate reduced to 2.3% in July (JSA claimants) whilst national & regional rates remained constant and at much higher levels (3.8% and 4.7% respectively). This represents a continuation of the trend over the last two years of York positively

increasing the gap between our local unemployment rate and the regional/national rate.

24. Latest data from Centre for Cities shows York as second in the region only to Leeds for minimising reduction in business stock and their data on business churn rate (which assesses the stability of a city's economy with an emphasis on business survival) also shows that York had the lowest rate of the regional cities monitored, highlighting its strength and sustainability as a business location within the region.
25. There are also now fewer vacant shops in the city centre than in the last few years – the shift seen over Q1 is small, but it is a month-on-month reduction over the three months to July and could indicate the start of a gradual reduction in empty shops.
26. Footfall in the city centre compares well to other towns and cities which are down 2.9% on average with historic towns being down even further, by 3.7%. York is only down by 1.9% in comparison (to June 2012). Coney Street in particular is performing well in the year to June 2012, being up by 0.3%. When compared to the challenging national figures above this is strong performance.
27. Whilst levels of people who are Not in Employment Education or Training (NEET) has risen to 5.6%, York continues to sit below the regional & national average (being ranked 3rd regionally and 30th nationally). York's performance on NEETs has been helped by the fact that around 400 new apprenticeships have been created over the last year, providing increased opportunities for young people to gain skills and progress into employment.
28. The 2011 increase in long term youth unemployment (16-24 year-olds) has also now levelled off locally and remained stable for the last seven months at 0.3% – a level well below the national & regional figures (currently 0.9% and 1.2%) both of which are still currently displaying an upward trend (the regional figure has almost doubled and the national figure has increased by two thirds in the same seven-month period).



Housing

29. Overall satisfaction of our housing tenants has also increased (to 88.5%), reinforcing the continuous improvement over the last five years and putting us in the top quartile nationally and contributing to York being nominated as LA Landlord of the Year at the UK Housing Awards 2012. This nomination reflected: the increase in overall tenant satisfaction with the LA; the work done over the course of 2011/12 where nearly 1000 households were prevented from becoming homeless; and the development of the empty property strategy, to bring vacant buildings back into use.
30. Affordable homes: the 4 completions in Q1 are in line with expectations and a further 53 completions are due in Q2. At this early stage of the year it is not possible to accurately predict the year end position. There is concern that Hungate Phase 2 is unlikely to deliver this year which could lead to significant reduction in the overall numbers, but there may be other private developments which complete early and come into this year's figures. There should be a much clearer view at the end of Q2.
31. Homelessness: The number of household in temporary accommodation at 30 June 2012 was 99, a slight increase over the figure for March 2012. However the number of these households with dependant children has decreased in the same period, although the small numbers involved introduce inherent variability.

Corporate Priorities

32. 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

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

Risk Management

34. 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

35. 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

First Performance and Financial Monitor for 2012/13 , Cabinet 4th Sept 2012