

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

20 November 2012

Report of the Director of City & Environmental Services

2012/13 Finance and Performance Monitor 2 Report

Summary

1. This report provides details of the 2012/13 latest position for both finance and performance in City & Environmental Services (excluding Highways, Waste and Fleet), Economic Development and Housing Services.

Analysis

Finance – forecast outturn overview General Fund

2. The current financial position within the City & Environmental Services Directorate (excluding Highways, Waste & Fleet) shows a projected underspend of £411k on a total net budget of £3,961k, an improvement of £608k on the Monitor 1 overspend of £197k. Economic Development has a budget of £1,301k and is expected to underspend by £4k. The Housing General Fund has a budget of £-302k and is expected to overspend by £439k. 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	2,544	-254
City Development & Sustainability	469	562	+93
Director's Group	694	694	0
Mitigation		-250	-250
Total	3,961	3,550	-411

Economic Development	1,301	1,297	-4
Housing Services (Gen Fund)	-302	137	+439

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

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

Strategic Planning and Transport (£-254k)

- Car Parking income is forecast to be £165k below budget which is made up of £8k short stay, £129k standard stay, £34k on-street and £6k surplus on Respark and season tickets. The shortfall is partly a result of bad weather during the summer, the continued effect of the economic downturn and the temporary closure of Haymarket car park due to archaeological works.
- There is expected to be £125k saving from concessionary fares, reduced use of taxi cards, bus services and Dial & Ride, an underspend of £49k on employee costs within School Crossing Patrols and Network Management where a number of posts are unfilled, and £25k miscellaneous underspends. A further saving of £220k has been made on the bus service review to offset overspend elsewhere within the council.

Planning and Sustainable Development (£+93k)

- The economic downturn has continued to have a significant impact income within the Planning Service. Income from building control is projected to be £210k below budget but offset by £110k staff savings. Income from local searches is expected to be £80k below budget due to low activity in the housing market, also offset by £37k staff savings. Underspends on supplies & services are expected to result in additional savings of £50k.

Director's Group (£ nil)

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

Mitigation (£-250k)

8. The council's contribution to highways works outside the Minster can be funded from the capital programme budget, resulting in the release of £-250k from an earmarked reserve.

Economic Development (£-4k)

9. There is forecast to be £-4k additional income from Newgate and speciality markets following the demolition of Parliament Street toilets.

Housing Services (£+439k)

10. The review of the Housing Services General Fund budgets indicates at monitor 2 that the service will be £439k 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 £10k 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 current working balance on the HRA is £9,885k and the estimated variance against this is an underspend of £195k, which is due to number of variations across the service, including a number of staff vacancies and increased income from Registered Social Landlords.
12. Following the HRA Self Financing Review, in March 2012 Cabinet agreed a 5 year financial plan. Work is ongoing to develop the full HRA Business Plan which will set out details of priorities for the future, including opportunities for using a HRA development fund to support delivery of new council housing.
13. Options that are being considered as part of the Get York Building programme range from commissioning and building new council homes, to utilisation of the HRA to establish joint ventures / Special Purpose Vehicles to work in partnership with private developers to bring forward development of new affordable homes.

Performance – Monitor 2 Overview

Priority: Get York moving

Key Performance Headlines

14. The council has made the strategic decision to join the West Yorkshire Transport Fund with a view to developing a local transport body with West Yorkshire to ensure strategic connectivity for the city. A positive meeting of authorities on the East Coast Mainline has also been held to look at options for the future of this rail link and discuss collaboration.
15. As part of the bid to bring the Tour de France to Yorkshire, the city is also leading on work to enable access to bikes and bike rental options across the region
16. 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.
17. The implementation of 20 mph speed limit in the South Bank area has been completed. Two major roads in the area are also piloting the 20mph limit and this will be regularly monitored.
18. The council's i-Travel York programme was launched in mid September. £4.65m of funding from the Department for Transport is being used to fund the scheme which will enable infrastructure enhancements, improvements to existing transport services and information in the city.
19. 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. So far, over 130 businesses in the city centre have been surveyed in addition to workshops with both universities and the hospital into their delivery situations. Full analysis of the results is expected in November.

Priority: Protect the environment

Key Performance Headlines

20. There is a £10m total pot available to the authorities named for early Green Deal deployment pilots. Funding allocation is likely to be around £125K although yet to be confirmed - under the Leeds City Region Low Carbon Pioneer Programme, the council and the Yorkshire Energy Partnership (YEP), have been successful in a bid for money to pilot the installation of interest free loans to pay for solid wall insulation in hard to treat areas of the city.
21. An overarching low emission strategy has been developed and agreed, which will drive further reductions in emissions of local and global air pollutants, mainly by promoting and incentivising the use of low emission and alternatively-fuelled vehicles. This is essential to meet legal obligations in relation to health based national air quality objectives and delivery of carbon reduction targets.
22. The Yorkshire Energy Partnership continue to deliver energy efficiency and renewable energy advice to homeowners and landlords in the City including the area based scheme (373 loft and 195 cavity wall insulations) and the Wrapping up York scheme (707 loft and 403 cavity wall insulations). Advice has also been given to 4031 households.
23. A 'Low Carbon Investment Pipeline' has been created for York that will help set out York's potential for projects that now need further feasibility studies and to attract investment and / or funding to accelerate. This will also form part of a Leeds City Region (LCR) Low Carbon Investment Pipeline and link to the new LCR Investment Plan.
24. New figures for CO₂ show the impact of the bad winter in 2010 across York with a similar impact across the rest of the country. Domestic, Industry and Commercial CO₂ all went up in 2010 increasing overall CO₂ by 6% with Industry going up 9.1% and domestic up 8.5%. Estimates (based on DECC estimate of 8% reduction in energy consumption between 2010 and 2011) show a more positive picture for 2011, with emissions falling again.
25. Phase 2 the Green Audits is ongoing, identifying suitable carbon management improvement projects. Recent audits have been undertaken in 10 schools. A full report and results with improvement projects will be available in November.
26. The implementation of the Public Realm Strategy is moving forward with Stakeholder consultation and workshop in October and public

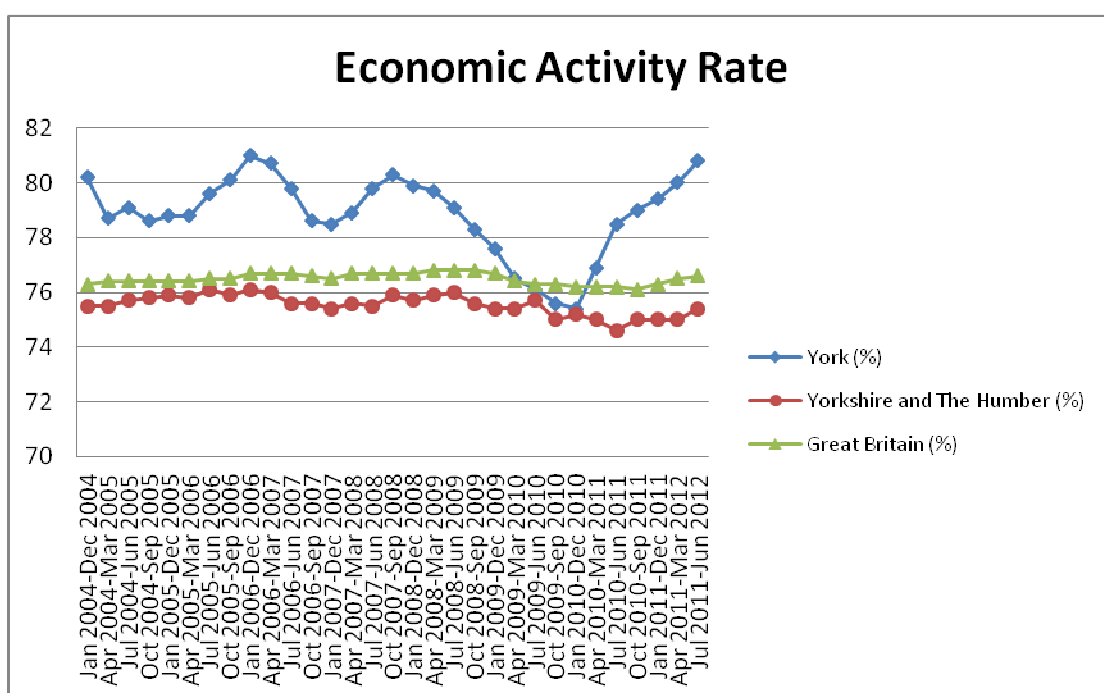
consultation due in November. The finalisation of Heritage Strategy to drive implementation for conservation and heritage education has slipped to March 2013 after initial planning stages being held in September with an agreed consultation strategy due the end of October. The results from the Big York Survey showed 81% of respondents thinking York is doing well with conserving York's heritage.

Priority: Create jobs and grow the economy

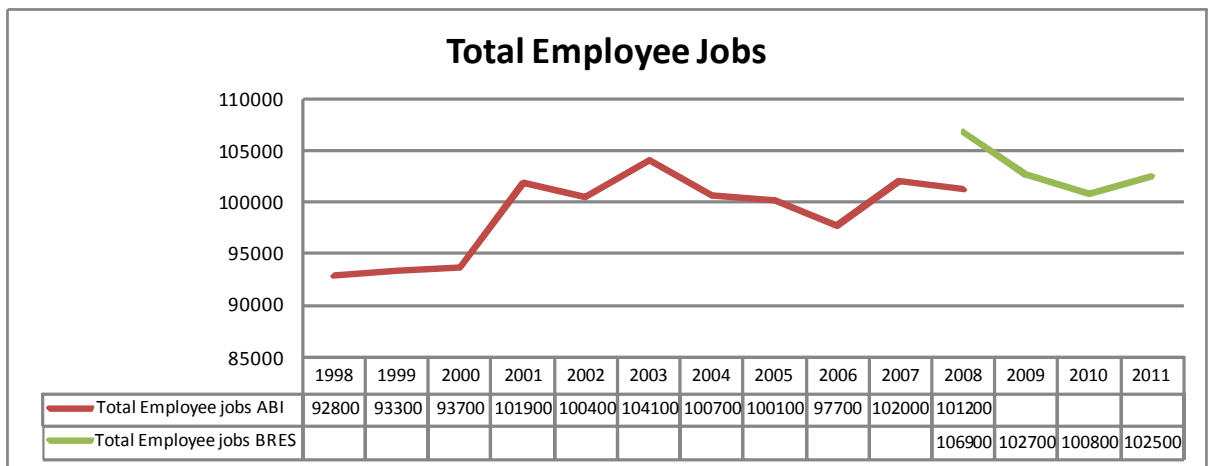
Key Performance Headlines

- York has attracted around 800 new jobs to the city this year
- Workforce skills are ranked 3rd best out of 64 cities
- Job Seeker numbers are still well below regional and national averages

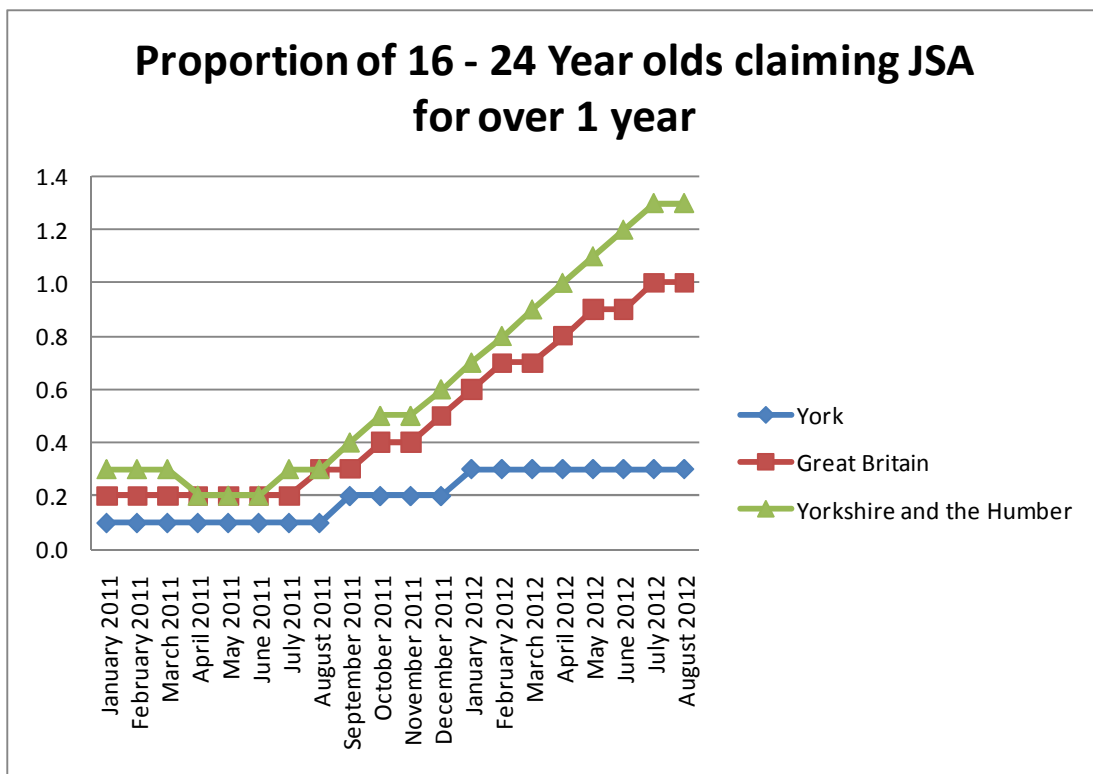
25. This is a priority for the council and is core to ensuring the sustained prosperity of the city and the financial security of the authority. The National economic picture is still a fragile one, with the International Monetary Fund cutting the UK growth forecasts for the near future. However, even with a relatively bleak national backdrop, York's economy continues to perform extremely well against the regional and national picture, showing further signs of stabilisation. The city's economic activity rate illustrates the overall economic picture for the city, performing well in comparison to the regional and national picture.



26. The recent release of the 2011 Business Register and Employment Survey (BRES) is also showing positive signs for York. The city has seen an increase in employee jobs since 2010, an improvement on the ratio between public and private sector employment.
27. The BRES data is also indicating an improved picture in the city centre with an increase in total city centre employee jobs and an 8% increase in retail jobs since 2010.



28. The 2011 and 2012 increase in long term youth unemployment (16-24 year-olds) has also now levelled off locally and has remained stable for the last eight months at 0.3% – a level well below the national & regional figures (currently 1.0% and 1.3%) 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 eight-month period).



29. The York Economic Strategy is finalised and a delivery plan is now being taken forward to achieve its objectives. These include the creation of City Team York, an enhanced business support offer, including the launch of the York Means Business web portal, Growth Accelerator (a high growth business support programme) through Science City and access to high-speed broadband.
30. Through its Economic Strategy, the council has developed its Inward Invest approach further in the last quarter, with enhancements to York's offer as a business location. The council and wider partners have played a strategic role in attracting a high value Insurance company (HISCOX) to York, on a city centre development site, bringing at least 300 jobs. This will add at least £25 million GVA per annum to York's economy to 2026.
31. The additional investment by Access Intelligence in its creation of a technical centre of excellence in York demonstrates investor confidence in the city as a business destination.
32. York continues to be an active partner in the Leeds City Region and the Association of West Yorkshire Authorities (AWYA), ensuring the city has influence in the economic future of the region.
33. Nineteen new affordable homes have been built and let at Archers Close but the target of 126 affordable homes by the end of the financial year looks unlikely to be delivered with 102 expected at

present. This is due to delays to the delivery of the Hungate Development

34. However, to increase house building the Get York Building programme has been initiated and a working group established. 'Housing Week' will run in w/c 5th of November during which the Strategic Housing Forum will be launched to provide increased focus on this area.
35. York continues to be a national leader in education provision with recent figures showing positive news that the 'attainment gap' at both Key Stage 2 and Key Stage 4 is narrowing, meaning that children who are potentially more vulnerable to low achievement are attaining results closer to the average for the city.
36. However, the city still needs to continue to drive the creation of higher skilled, higher value jobs. Qualification data has shown a further improvement in the proportion of York's population qualified to level 4 and above and a reduction in those with no qualifications. With economic projections showing challenging conditions for the future, enhanced inward investment of higher value jobs and businesses and delivery of transformational planning projects will help to rebalance those projections.
37. In employment terms, the York economy continues to perform well. We are currently ranked 3rd (out of 64 cities) for change in unemployment since 2008 and latest figures show that York's unemployment rate is 2.4% in August (JSA claimants) whilst national & regional rates are 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. York's percentage of its population on Job Seekers Allowance is now stabilising, much like the national picture.
38. The city centre economy, whilst showing some signs of the recession, is performing well in comparison with the national picture. The percentage of vacant shops in the city centre is decreasing. The shift seen over Q2 is small, but it is a month-on-month reduction over the four months to October and is indicating the start of a gradual reduction in empty shops. The percentage of vacant city centre shops now stands at 6.53%, a figure not seen since April 2008. The percentage of vacant shops at the top of the economic cycle in the city centre sat between 5-6%.

39. The newly created City Team will be working with the Council in shaping the spend of £3.3 Million from the Economic Infrastructure Fund to deliver Re-Invigorate York, a project aimed at enhancing the public realm and improving the business and leisure environment in the city centre, thus strengthening York's offer as a business, tourism and leisure location. This illustrates York's drive for excellence as the city was recently voted the 3rd best UK City by the Guardian Travel Awards 2012.

Priority: Build Strong Communities

Housing

40. Welfare reforms will have an impact on performance measures within Communities and Neighbourhoods, for example the housing waiting lists, debt and homelessness. The waiting list for social housing is increasing in line with national trends, as is the number of people presenting themselves as homeless, both of which are putting pressure on these services. Nationally there has been a significant increase in homelessness and numbers in temporary accommodation. This increase has been mirrored in York but has been less significant. The number of households in temporary accommodation at 30 June was 99, a slight increase from the position at the end of March 2012, this is comparable to the level for much of 11-12. However the number of these households with dependent children has decreased in the same period, although the small numbers involved introduce inherent variability. To further improve how we address homelessness in the city a refresh of the Homeless Strategy is underway and will be presented to Cabinet March 2013.
41. Housing and Housing Benefit Staff have been shortlisted for the Guardian Public Services Award 2012 for their work on the impacts of Welfare Reform changes to CYC residents.
42. Rent arrears: Current tenant rent arrears as a % of annual rent due is not achieving its target of 1.28% - performance is 2.12% (to Aug 12) but has improved from the position last year, which is a significant achievement in the current economic climate. Housing are working with partners and providing outreach sessions to tackle arrears and improve debt advice.

Council Plan 2011 - 2015

43. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan

Implications

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

Risk Management

45. 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

46. 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 2012/13 , Cabinet 6th November 2012