

Report of the Director of City & Environmental Services

2012/13 Finance and Performance Monitor 3 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 £237k on a total net budget of £3,908k, a reduction of £174k on the Monitor 2 underspend of £411k, mainly due to flooding events during the autumn. Economic Development has a budget of £1,044k and is expected to underspend by £56k. The Housing General Fund has a budget of £-157k and is expected to overspend by £144k. Service Plan Variations by service plan are shown below:

	Net Budget £'000	Projected Outturn £'000	Variance £'000
City & Environmental Services			
Strategic Planning & Transport	2,748	2,531	-217
City Development & Sustainability	467	517	+50
Director's Group	693	663	-30
Flooding	0	210	+210
Mitigation	0	-250	-250
Total	3,908	3,671	-237
Economic Development	1,044	988	-56
Housing Services (Gen Fund)	-157	-13	+144

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 (£-217k)

4. Car Parking income is forecast to be £245k below budget which is made up of £20k short stay, £219k standard stay, £34k on-street and £28k 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 and autumn flooding.
5. There is expected to be £90k saving from reduced use of taxi cards, bus services and Dial & Ride, an underspend of £77k on employee costs within School Crossing Patrols, Drainage and Network Management where a number of posts are unfilled, and £75k 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 (£+50k)

6. The economic downturn has continued to have a significant impact income within the Planning Service. Income from building control is projected to be £190k below budget but offset by £110k staff savings. Income from local searches is expected to be £73k below budget due to low activity in the housing market, also offset by £41k staff savings. Underspends on supplies & services are expected to result in additional savings of £62k.

Director's Group (£-30k)

7. An underspend on the Apprentice budget (£-32k) is offset by £2k other costs.

Flooding (£+210k)

8. The costs of the recent floods for this directorate have not yet been fully quantified but current forecast is additional expenditure of £210k. All authorities can make a reimbursement claim to

government under the Bellwin scheme once eligible expenditure exceeds their specific threshold - for York this is set at £442k – so there will be no financial assistance without more serious flooding.

Mitigation (£-250k)

9. 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 (£-56k)

10. There is forecast to be £-56k additional income from Newgate and speciality markets following the demolition of Parliament Street toilets.

Housing Services (£+144k)

11. The review of the Housing Services General Fund budgets indicates at monitor 3 that the service will be £144k over budget. This is due to the building maintenance account being unable to meet its budgeted surplus of £160k and an allocation of cross directorate savings of £175k that is the housing and community safety share of cross-directorate savings, offset by £191k miscellaneous staff savings, additional income and other 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

12. The current working balance on the HRA is £11,880k and the estimated variance against this is an underspend of £246k, which is due to number of variations across the service, including a number of staff vacancies and increased income from Registered Social Landlords.
13. 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.

- 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 3 Overview

Priority: Get York moving

Rail:

- The Leader and Chief Executive, with representatives of other East Coast mainline (ECML) local authorities, met the Minister of State for Transport on 11th December to press the business case for further investment to improve ECML capacity, reliability and connectivity.
- Network Rail announced in January investment proposals of £1 billion in new infrastructure and a further £3 billion on operating, renewing and maintaining existing infrastructure on the London North East (LNE) Route from London to Scotland through Yorkshire. York's new Route Operating Centre (ROC), which is expected to employ 475 people and be completed in March 2013, will be central to an overhaul of signalling on the LNE route. York will benefit through jobs being relocated to the city. The proposals also include £179 million on the electrification of TransPennine routes, as well as electrifying the line between Selby and Micklefield to join up with the East Coast Mainline. A further £240 million is to be spent on addressing key bottlenecks on the East Coast Mainline.

Cycling and Walking:

- The announcement of Day 2 of Le Tour de France starting from York provides significant opportunity for boosting York's already strong cycling culture. The Chief Executive has been appointed senior legacy lead for the region and York will use the event to increase interest and participation in cycling.
- Phase 1 of the Clifton Moor cycle and pedestrian improvements between Hurricane Way and Stirling Road is planned to be completed by the end of March. The scheme to develop an outer connecting cycling route in Haxby and Clifton Moor will be delayed, but is still within the Local Sustainability Transport Fund (LSTF) timescales.

Traffic:

19. Access York Phase 1 is progressing, with a new bus planned for Boroughbridge Road. This will enable buses and taxis quicker access into the City Centre and will support the new Park and Ride at Poppleton. Negotiations are ongoing on bus operator procurement and a proposal will be confirmed before a submission for final approval to the DfT in January.
20. The final report on the business case for the freight consolidation centre was received in December 2012 and is currently being reviewed. The next stage will be to undertake a feasibility study to be completed by June 2013, with delivery anticipated in March 2014.
21. Footstreet hours are to be extended by an additional 10½ hours per week. This is an 'experimental traffic regulation order' of up to 18 months and would see the pedestrianised zones enforced from 10.30am - 5:00pm every day in order to encourage visitors and residents to stay in the city centre longer and to support the night time economy.
22. Work is underway to reduce through traffic in the city centre. With options being developed for February 2013 to outline modelling results and proposals for taking the scheme forward. As part of the street clutter rationalisation, the first batch of bollards has been removed from the city centre.
23. The business travel planning network was launched in December 2012 with a travel planning conference and contact has been established with 80 businesses. Bids have been received from these businesses for match funding, enquiries received for more information on sustainable travel initiatives and enquires from more businesses to join the network.

Bus Travel:

24. The number of bus journeys originating in the authority area (excluding P&R) are down on the same point last year, but are provisional and subject to change. This continues a trend for declining numbers from the previous year. In contrast the number of journeys on Park & Ride services are 11% up on last year. All data is provisional until validated in May 2013.
25. The Cabinet Member for Transport agreed to the re-tendering of services on several routes in January. It was also agreed to work with First Group, Coastliner and other York bus operators to

increase the number of people using bus services and to deliver reliability improvements across their services.

26. The next stage in refreshing the Quality Bus Partnership (QBP) and Network review is underway but will roll over into 2013/14 due to reductions in funding in 2012/13, with a likely completion date of December 2014. An overhaul of bus information is underway, including audio-visual displays and Braille and is on track for delivering in March 2013.

Priority: Protect the environment

Climate Change

27. Setting up the Green Deal has been delayed due to the decision being referred to LCR Green Economics Panel for scrutiny. Whilst this isn't expected to cause long term problems, other dependant activities have consequently also been delayed. The LCR model remains the most developed option for York, and may result in 615 – 1,230 homes being offered a Green Deal in the first three years of the scheme through a preferred LCR Green Deal Provider.
28. Working closely with partners, the council has successfully secured three streams of DECC funding:
 - £123,000 government funding to trial installing insulation for solid walls. This will test key elements of the new Green Deal framework.
 - £447,000 to install heating systems and insulation in the homes of vulnerable residents in York and N. Yorkshire who are struggling with rising energy bills
 - £300,000 to pilot six community energy collective switching schemes in the region (including one pilot for York). The pilot will set up a club to encourage residents to work together to switch energy suppliers and find a better energy tariff.
29. To help reduce the council's carbon footprint and costs, a new council-wide Pool Car scheme has been launched and CYC is on target to deliver the Carbon Management Programme target of 25% reduction in emissions by end March 2013. The Green Audit has been completed with projects identified to deliver up to 445t CO₂ of savings. Work is now underway looking at feasibility for these projects.
30. CERT funding has been extended until February 2013 and the council has worked hard with the Yorkshire Energy Partnership to ensure that York Residents can take full advantage of the available

funding. The scheme (Wrapping up York) is being promoted by the Yorkshire Energy Partnership and York private sector householders have received 1205 measures. This equates to more than £341k worth of funding which has been drawn down. Nearly 1100 customers have made referrals following an advert in Your Voice in November 2012. It is anticipated that as a result a further 700 measures will be installed in to customers' homes.

31. Work to create an eco-district at British Sugar including more affordable housing has now been recommenced by the applicant. Workshops were held early November to create timetables for application/development.

Natural and Built Environment

32. The completion of 124 new student homes on brownfield sites on Hull Road in September has had a significant positive effect on both the net additional homes and the proportion on previously developed land (76% vs. 69% last year).
33. The Strategic Flood Risk Assessment (SFRA) is being updated and work is ongoing on the Land Flood Risk Strategy. As part of our emergency flood response, teams worked collaboratively around the clock to keep York open for business, including sandbagging and pumping rising flood waters away from homes. In December Cabinet approved the Surface Water Management Plan, funding investigations helping to understand surface water issues and to carry out essential repairs and maintenance on a scheduled basis.

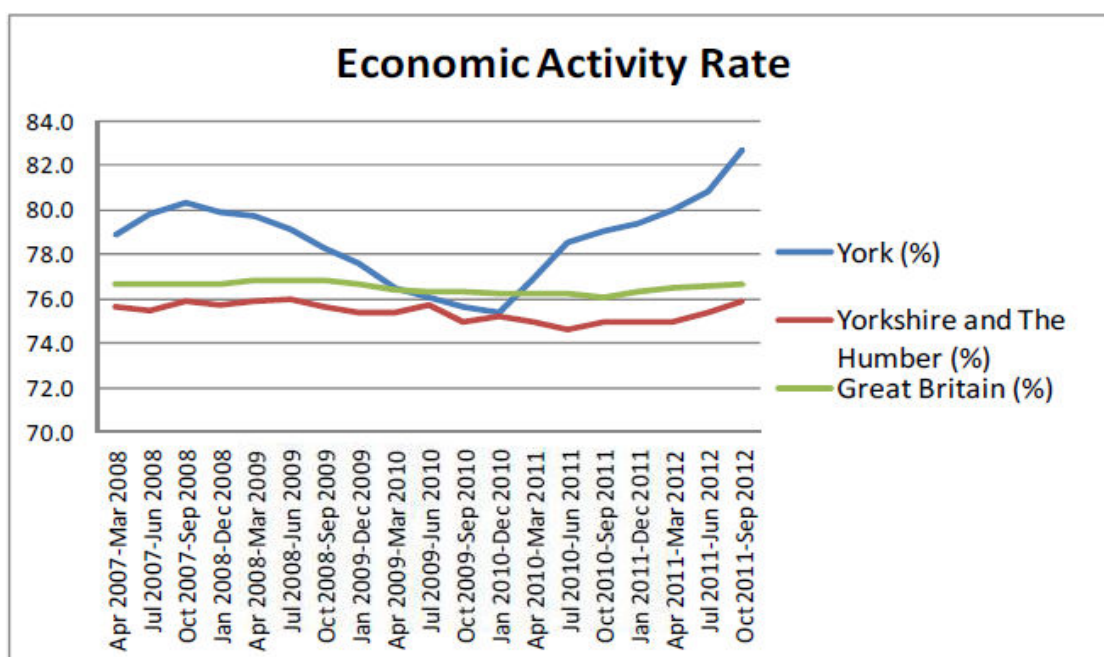
Air Quality

34. The Low Emission Strategy (LES) was agreed by Cabinet October 2012. This is a package of additional measures to help reduce emissions to air, based on using low emission fuels and technologies. Its main focus will be to transform York into a nationally acclaimed low emission city and the Air Quality Action Plan to deliver the changes is now underway, alongside a marketing strategy.
35. York has made a successful bid to DEFRA for a grant to tackle air pollution. York will receive £94,490 to put towards the implementation of Low Emission Strategy measures and £54,490 for assessing the impact of these and other transport measures. The funding will be used to raise awareness of the health impact of air pollution and promote the use of low-emission vehicles and taxis, to residents.

36. The development of an electric vehicle recharging network is progressing with the Council set to order two trial cars in January. Electric vehicle (EV) charging points are being rolled out at the new Park and Ride sites and various locations through the planning process. Charging points are also being installed at Council car parks and existing Park and Ride sites. This will give York the first three phase AC charging Pay-As-You-Go network in the country.

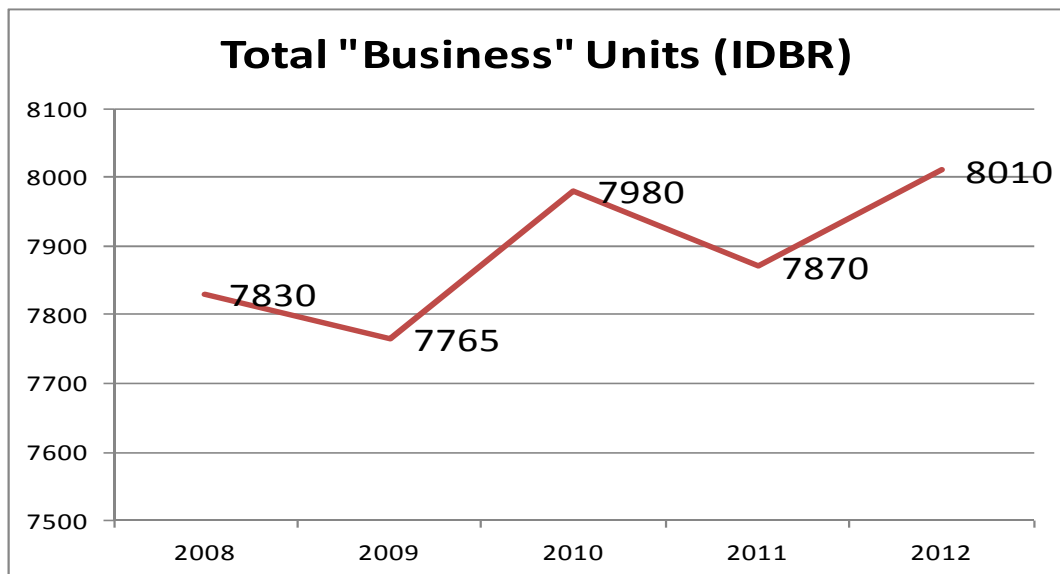
Priority: Create jobs and grow the economy

37. 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, with stronger than average employment, wage and business growth. York does still have some challenges around the lower paid, part-time employment levels and productivity (GVA) per head and these areas will be the focus of some coordinated work over the coming months to support those most at risk of financial hardship and in-work poverty.
38. The city's economic activity rate illustrates the overall economic picture for the city, performing well in comparison to the regional and national picture.

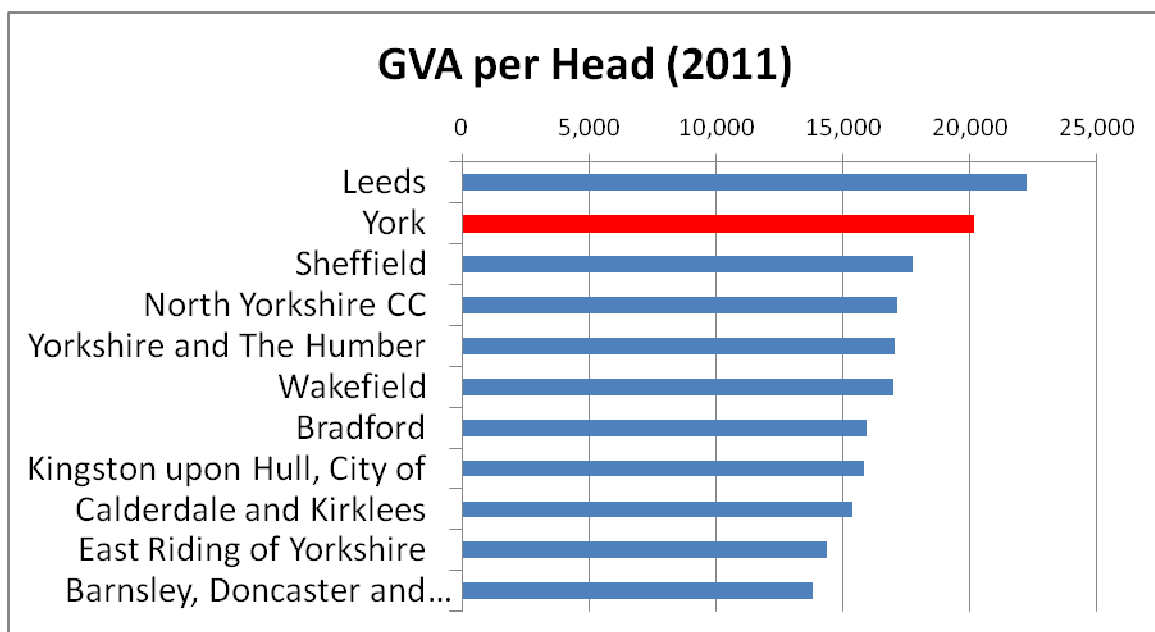


39. The recent release of the 2012 Business Units Data (ONS) is also showing positive signs for York. The city has seen an increase in

local Business Units from 7,870 in 2011 to 8,010 in 2012. The ONS Business Demography data also shows an improvement on Business Survival Rates in York, performing better than the regional and national averages.



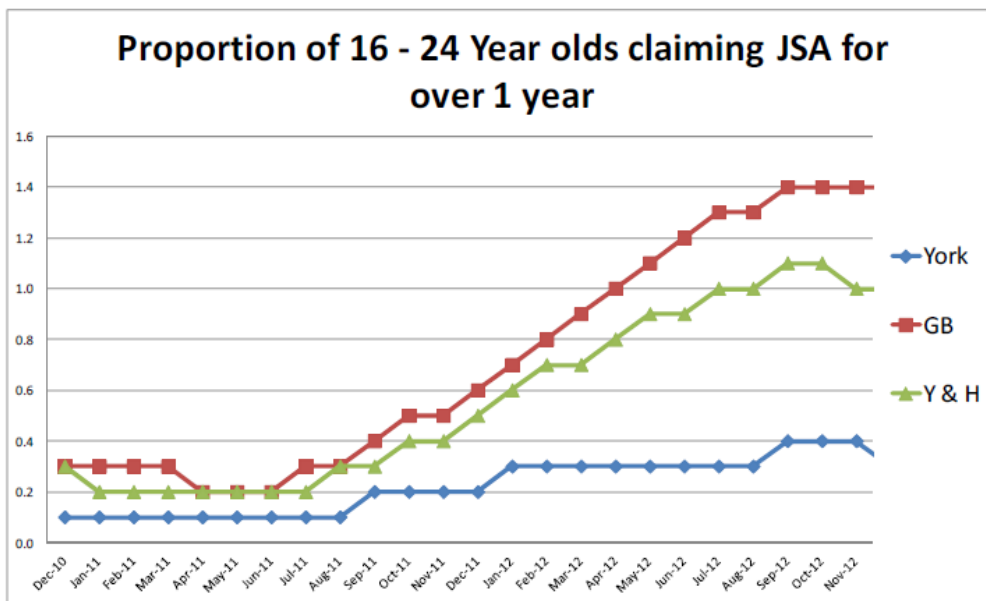
40. The latest productivity (GVA) data per head indicates York's residents have the second highest GVA per head in the region (after Leeds), and well above the regional value.



41. In employment terms, York's economy continues to perform well. Latest figures show that York's unemployment rate was 2.1% in December (JSA claimants) whilst national & regional rates are at much higher levels (3.7% 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 JSA is now on a downward trend and is the lowest number in four years.

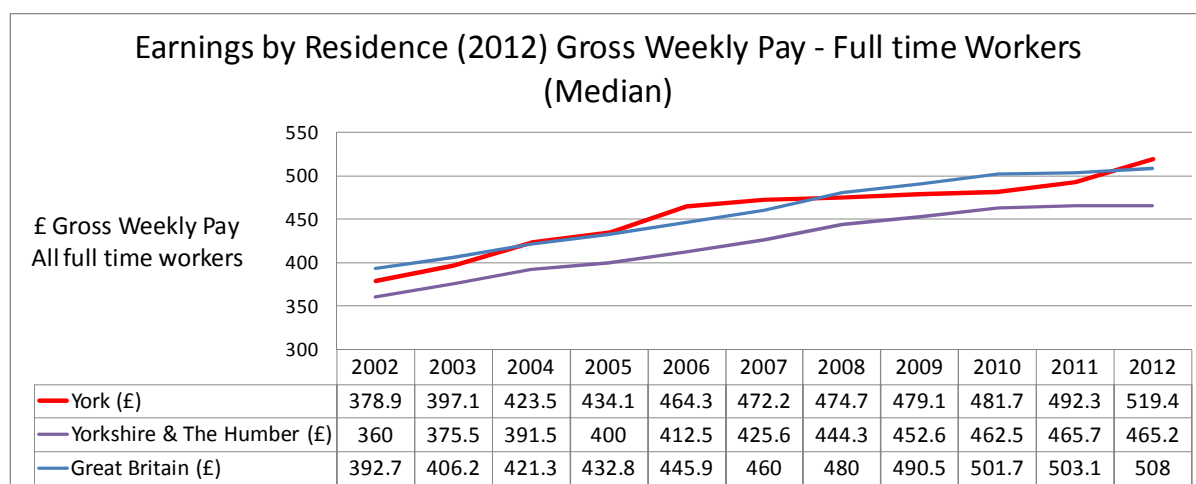
42. Whilst youth unemployment still remains a challenge, long term youth unemployment (16-24 year-olds) has now levelled off locally and has remained stable at 0.4% from September, and has fallen to 0.3% in December – well below the national & regional figures (currently 1.0% and 1.4%). However these are the highest rates the local authority has seen in recent times and work is ongoing to address this.



43. Housing availability continues to be a challenge for York but the Get York Building Programme is strengthening and positive effects are starting to be seen. In the six months to September 2012 there have been 295 net housing completions and based on information from developers and landowners we estimate that net completions for the whole of the 2012/13 financial year will be in the region of 450-500 completions.
44. However, despite this positive activity, the target to increase the number of affordable homes by 126 is not predicted to be met in year (current forecast 102). Work continues to move on development sites (such as Hungate) in the present challenging market conditions.
45. For the first time since 2007, average earnings for full time workers resident in York have risen above the national average and the gap between York and the region has also increased since 2011. Average earnings for those working in jobs in York have also increased and York now sits second highest in the region for

workplace pay, an improvement since 2011 which shows significant progress in this area.

46. However, some clear challenges are emerging with regard to part-time pay rates and wage levels for the lowest paid full time workers – a redefined programme of work is being developed to address these issues and ensure that all York residents benefit from the economic prosperity of the city.



47. In terms of city centre shop vacancies, the shift seen over Q3 is small, but is still a month-on-month reduction over the three months to December. The percentage of vacant city centre shops now stands at 6.11% (as at 1/1/2013). The percentage of vacant shops at the top of the economic cycle in the city centre sat between 5-6%.
48. Footfall in the city centre through Q3 has weakened, with the average year to date in December 2012 being down by 5.6%, this compares to other Historic Towns and Cities down by 4.6% and All Towns and Cities down by 3.4%. Footfall is also down by 7% at the Visitor Information Centre, and the major tourist attractions. This is also reflected in a decrease in car parking transactions and Coach Parking. Bus journeys originating within the area are down by 11% between April and October 2012 compared to the same time period in 2011.
49. The recent set of economic figures released by the Centre for Cities, reinforces that York's strong position nationally, with top ten performance in 9 of the indicators, improvements in performance in 11 indicators (since 2012). The report also confirms the city's challenges around increasing housing supply and business start-ups, highlighting why the York Economic Strategy and Get York Building programme are so important to the city's development in the coming months and years.

50. The York Economic Strategy is finalised and a delivery plan is now being taken forward to achieve its objectives and Q3 has seen good progress, including:

- Holding York's second annual business conference
- Secured a deal with Hiscox to bring 300-500 jobs to the city.
- Leeds Bradford to Heathrow connection established
- Commitment made to investing c. £3.5m through Reinvigorate York programme to provide a city centre fit for business
- Achieved funding for enhanced broadband coverage and wifi through the Super Connected Cities bid and development of the York Core network with City Fibre Holdings
- Delivered clear proposals for the expansion of Park and Ride
- Investment agreed in principle for Newgate Market which will improve the offer and potentially enable the development of evening markets
- Development and agreement of financial inclusion strategy
- Jobs Fair, attracting 1500 attendees.

51. Working in partnership with other organisations in the region and led by Welcome to Yorkshire, York had a significant role in securing Le Grand Départ of the Tour de France 2014 for Yorkshire. It has now been confirmed that York will host the start of Day 2. The Tour de France has an estimated global audience of 3.5 billion and economic benefit for the region is estimated at £100m and will bring significant benefits to the York economy in 2014

Priority: Build Strong Communities

Housing

52. The number of people sleeping rough in York (as recorded on one night in December) has increased significantly from last year's figure of 2 to 8. This increase is in line with the national trends in homelessness: national homeless charities advise that the number of people sleeping rough in England has increased, underlining fears that spending cuts and recession are driving up levels of homelessness.

53. The number of homeless households living in temporary accommodation is also increasing (109 vs. 99 last quarter), also reflecting national trends in the current challenging economic climate. A refresh of the Homeless Strategy is underway to tackle issues presented by homelessness and the No Second Night Out

pilot is up and running with the primary accommodation providers offering emergency beds to rough sleepers.

54. There are also challenges relating to rent arrears for current tenants (up to 2.98% compared to 2.1% for the same period last year) and the percentage of tenants evicted due to arrears has also been increasing (25 evictions compared to 12).
55. To help mitigate the impact of welfare reform two new Money and Employment Advisors have recently been appointed. Their priority will be to visit customers affected by the bedroom tax being introduced April 2013. The Advisors will also help customers prepare for Universal Credit alongside CAB who are offering debt and benefit outreach services.

Council Plan

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

Implications

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

Risk Management

58. 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

59. 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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Report Approved



Date 14.03.2013

Specialist Implications Officer(s) None

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

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