

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 14th November 2006

Report Title Performance Report Half Year 2006/7

Summary This report presents the latest performance update with respect to promoting economic regeneration within Warwickshire.

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Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers None

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

- Other Committees
- Local Member(s)
(With brief comments, if appropriate)
- Other Elected Members Councillor P Barnes } for information
Councillor P Morris-Jones }
Councillor M Jones }
- Cabinet Member Councillor C Saint – for information
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)
- Chief Executive
- Legal A Belcher - agreed
- Finance
- Other Chief Officers

- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES/NO** *(If 'No' complete Suggested Next Steps)*

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Economic Development Overview and Scrutiny Committee -
14th November 2006**

Performance Report Half Year 2006/7

**Report of the Strategic Director for
Environment and Economy**

Recommendation

The Economic Overview and Scrutiny Committee is asked to:-

- (a) Consider the Performance Report submitted by Environment and Economy Directorate for the half-year 2006/7.
- (b) Endorse any proposed remedial actions.
- (c) Request any additional information required.

1. Executive Summary









This report shows:-

- (i) Over 77% of key indicators are forecast, based on current information to achieve targets set for 2006/7.
- (ii) 89% of indicators are moving in a positive direction (11%) or remaining constant (78%).
- (iii) Of the key strategic objectives and improvement actions within the Directorate Plan over 89% are either on track or ahead of schedule for completion according to milestones set.
- (iv) There is a potential overspend of £422,000 and after taking action to improve this position we anticipate an overspend in the region of £159,000. However we need to carry forward the underspend of £277,000 on the Decriminalisation project so the impact on our reserves will be a deficit of £436,000 (£159,000 plus £277,000).

2. Performance Against Key Performance Indicators

This section shows performance estimated at the half-year for all of the Directorate's key performance indicators.



KEY:

Does Performance meet the Target?		Is Performance Improving?	
	Missed target by more than 5%.		Performance declining.
	Performance between 2% over target and 5% less than target.		Performance level or fluctuating.
	Exceeded target by more than 2%.		Performance continually improving over last 3 years.
	No target available/Full Year outturn estimates are not possible.		There is not have enough historic data for Trend indication.

Reference	Indicator	Aim of indicator	Actual 2004/5	Actual 2005/6	Target 2006/7	Current Year End Estimate 2006/7	On Target?	Forecast Performance Improving?
CHI	Percentage of people of working age in employment.	Bigger is better	78.0%	Available October	78.0%	78.0%		
CHI	Proportion of the working age population claiming benefits (new).	Smaller is better	10.4%	10.5%	10.2%	10.4%		
Local	Total jobs per 1000 population (new).	Bigger is better	810	Available January 2007	810	810		
CHI	Increase in VAT registered business stock.	Bigger is better	+1.7%	+1.6%	+1.5%	+1.5%		
CHI	New VAT registrations per 10k working age residents (new).	Bigger is better	58	53	60	58		
Local	Gross annual wage, full time workers (workplace based) (new) Index of national average.	Bigger is better	99	97	98	98		
Local	GVA per head (new) index of national average.	Bigger is better	Available December 2006	Available December 2007	102	Estimate not possible due to lack of data.	<input type="checkbox"/>	
CHI	Percentage positive destinations for 16+ school leavers.	Bigger is better	93.3%	93.6%	93.9%	Estimate not possible as data collected by Connexions.	<input type="checkbox"/>	
Local	House prices to earnings ratio (new).	Smaller is better	8.5	8.6	8.5	8.6		

3. “Red” Key Performance Indicators Analysis









There are no Key Performance indicators from the previous section which are estimated to miss the March 2007 target, or for performance to show a declining trend.
















Ref	Indicator	On Target?	Forecast performance improving?	Risk to delivery of Corporate Priorities	Remedial Action
Local	House prices to earnings ratio (new).			Low	Please see commentary below.
	<p>Sustained increases in UK house prices in recent years have pushed the house price/income ratio, a key measure of housing affordability, to previously unseen levels.</p> <p>Increases in average house prices and workplace-based earnings in Warwickshire have broadly followed the national trend – as a result the house price/earnings ratio in Warwickshire (8.3 in 2005) has remained very close to the average for England (8.6). <i>Average earnings are measured by a national survey and when the potential error margins are considered the effect may be to move the Warwickshire ratio even closer to the national average.</i></p> <p>However, there are wide variations in affordability within the County. The house price/earnings ratio in the three northern Boroughs is around 7, but this increases to 10 in Warwick District and 11 in Stratford on Avon District.</p> <p>Increases in Warwickshire house prices slowed during 2005 to an annual rate of 3.3%. Provisional figures for the first-half of 2006 suggest a similar level of increase so far this year, but house prices will have to fall if affordability pressures are to ease. However, it should be noted that the overall effect on affordability is tempered somewhat by the relatively low interest rate climate and associated low mortgage costs.</p>				

4. Progress Against Directorate Objectives

This section shows forecast performance at the half-year for the Directorate's key objectives, as set out in the Environment and Economy Directorate Strategic Plan.

KEY

Does Performance meet the Target?		Will we meet the Milestone?	
	Missed target by more than 5%.		Not achieved or delayed by more than 2 months from the target date.
	Performance between 2% over target and 5% less than target.		Met or delayed by less than 2 months from the target date.
	Exceeded target by more than 2%.		Met ahead of the target.
	Target not set/Estimate outturn not possible.		Deferred or superseded.

Ref	Actions	Target/Milestone	On target
Obj 7	Implement the Regeneration and Competitiveness Strategy		
CBP 7.1	Progress Stratford Waterfront flagship project including implementation of 2007 first phase of street scene improvements.	March 2007	
CBP 7.2	Rollout BIDS concept in Leamington and Bayton Road to a vote in 2007/8.	May 2007	
CBP 7.3	Deliver the new Camp Hill village centre and progress contract for Phase 3 housing subject to financial feasibility.	November 2006	
CBP 7.4	Secure longer term funding for Building Sustainable Neighbourhoods, within the context of its contribution to WCC's localism agenda.	February 2007	
7.5	Resolve the future of the HUB business resource centre.	December 2006	
7.6	Start construction of Phase 3 of Centenary Business Centre (subject to AWM funding approval).	October 2006	
7.7	Deliver the first phase of the Nuneaton Town Centre Master Plan.	March 2007	
CBP 7.8	Implement the Visitor Economy Strategy and action plan, with engagement in opportunities presented by the 2012 games.	March 2007	
7.9	Engage Warwickshire Schools in a mini Complete Works Festival to reflect the RSC's Complete Works of Shakespeare Festival in Stratford during 2006 and 2007.	March 2007	
7.10	Implement a sub-regional Destination Management System as part of the Visitor Economy Strategy Action Plan.	March 2007	
7.11	Work through CSWP to create an online prospectus for Warwickshire's venues and businesses that may be able to help deliver all aspects of the 2012 London Olympics and Paralympics.	March 2007	
Obj 8	Develop a Countywide Employment and Skills Strategy		
CBP 8.1	Agree the Employment and Skills Strategy together with an Action Plan for 2007/8.	March 2007	
8.2	Implement training programmes at the new Rugby Opportunities Centre.	June 2006	
8.3	Complete research and analysis of key drivers for knowledge driven employment and Warwickshire in the South East (WISE) Action Plan.	March 2007	
CBP	Develop plans for themed Major Employment Sites including	March 2007	

Ref	Actions	Target/Milestone	On target
8.4	potential for medical technologies park for Ansty.		
CBP 8.5	Progress plans with partners for motor sports and performance engineering sectors, including that proposed at Fen End.	March 2007	
8.6	Ensure that detailed plans and resources are in place for Stoneleigh Park access, innovation centre and equine centre.	March 2007	
Obj 9	Lead the review and development of the strategic approach to “Warwickshire and the Wider World”; the international development agenda		
9.1	Review, and agree an update to, the European and International Strategy.	March 2007	
Obj 10	Work with partners to develop the develop the Economic Development and Enterprise block of the Local Area Agreement		
10.1	Agree corporately and with partners, the targets and delivery plan for the Economic Development and Enterprise Block within the Warwickshire LAA.	March 2007	

5. “Red” Objectives Analysis

This section contains all objectives from the previous section shown as ‘red’ or deferred or suspended.

Ref	Directorate Objective	Target or Milestone	On target?	Risk to delivery of Corporate Priorities	Remedial Action
7.6	Start construction of Phase 3 of Centenary Business Centre (subject to AWM funding approval).	October 2006	▲	Medium	Continuing issues with the costs and AWM funding means that construction is unlikely to start until March 2007 or early in the new financial year.
7.5	Resolve the future of the HUB business resource centre.	December 2006	▲	Medium	External funding has been secured for 2 staff. Phase II Feasibility study for a Training Centre and capital grant to support Bayton Road BID is underway. Target bid to AWM by 7th December 2006. Final resolution not expected until Spring 2007 earliest.

6. Analysis of Budget Position

Financial Results

There is a potential overspend of £422,000 and after taking action to improve this position we anticipate an overspend in the region of £159,000. However we need to carry forward the underspend of £277,000 on the Decriminalisation project so the impact on our reserves will be a deficit of £436,000 (£159,000 plus £277,000). In order to achieve the savings a number of actions are being made including reviewing vacant posts, identification of other potential areas of income and areas where efficiencies can be made, and as a final resort a cut back in services. Ongoing savings of £75k to £90k are anticipated in Development Group by bringing in-house services which are currently provided by the Districts under an agency agreement. However, this is dependent on policy decisions by Members.

Description	Corporate Objective Number)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
		£'000	£'000			£'000	
Waste Management	3	11,880	(71)	Our expectation on the tonnages disposed of is less than budgeted.	None required.	(71)	None
Planning Policy	5	487	7	Previous years' efficiency savings have been covered by holding vacancies open and reducing running costs including travel costs.	Investigate how the savings can be made on an ongoing basis.	7	None

Description	Corporate Objective Number)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
Development Group	3	577	132	Savings target of £55k yet to be identified and £85k on the Districts work.	1 admin post not to be replaced and other operations activities i.e. training /travel to be reduced. This is a statutory service for highways consultation, minerals and waste planning, and the Group is also a generator of income from S106, S278 and S38 monies from developers for highway works and other departments in the council. It is anticipated that income levels can be increased following the increase in the planning fee and from monitoring of sites.	100	The £85k is the excess cost of Nuneaton and Bedworth and Rugby BC undertaking S38 road adoption work. Long term savings of about £75- 90k would be made if Members agree to bringing this work in-house.
Waste and Environment - Other	3	2,629	10	Minor increases in costs.	The budget will be scrutinised for cost savings and potential income.	0	None

Description	Corporate Objective Number)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
Strategy Support and Organisational Development	3	1,594	(23)	Gypsy and travellers sites have recently been transferred to this directorate. The majority of the rental income is not collectable due to problems on site with some of the residents. This has been offset by savings from holding vacant posts elsewhere in the service.	In the first instance a budget is required to cover these costs. The problem with the residents needs to be resolved to allow the rents to be collected.	(23)	Vacant posts have enabled us to cover the costs of the Gypsy sites and the efficiency savings for this service
Eliot Park Innovation Centre	5	70	52	There is a shortfall in income at the Eliot Park innovation Centre(EPIC) amounting to £52,000 ,	Officers will continue to monitor the costs on EPIC and seek every opportunity to reduce the deficit, including reviewing the existing management arrangements	52	
Skills Tourism and Economy	5	4,269	82	This service has been asked to find £86,000 in additional efficiency savings .It should be noted that significant cost reductions have been made to achieve the existing savings target.	Review of staffing levels has been undertaken, potential for increased income and reduction in running and project costs are being investigated.	32	Any further service consequences will be reviewed once the impact of current management action has been assessed, and will be included as part of quarter 3 monitoring.

Description	Corporate Objective Number)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
Transport Planning	5	2,976	139	This mainly relates to the Bishopton park and ride running costs and reduced income amounting to £113,000. The income target for the Transport Planning service was increased by £50,000 to meet the efficiency savings. This has been partially offset by increased income under the New Roads and Street Works Act (NRASWA).	Review other areas in the division for income which include recharges to capital and the decriminalisation projects.	139	None
Decriminalisation - Virtual Bank	5	705	(277)	Funding for Decriminalisation of parking in the remainder of the county will not be fully committed in 2006/7.	Ensure there are sufficient funds to roll out the project across the County.	(277)	Carry forward to later years
Highways	3	15,333	271	Increased share of savings target £167,000, plus small increases in administration and depot costs and unbudgeted costs to repair vandalism to winter maintenance equipment.	The potential overspend should be absorbed within budget for the year by cutting back on planned works in the depots savings within the administration budget and additional income.	100	The full efficiency savings target should be found from savings in administration and additional income in a full year but this shortfall represents the part year effect.
Other Minor Variations including Capital Financing	6	15,272	100	A number of variations including £48,000 for Legal services.	Directorate Leadership team to review areas for saving as a matter of priority. Meeting to discuss Legal Services SLA scheduled for October.	100	

Description	Corporate Objective Number)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
Total		55,792	422			159	

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30th October 2006