

Report of the Chief Operating Officer
Portfolio of the Executive Member for Finance and Major Projects

Finance and Performance Outturn 2022-23

Summary

1. This report provides a year end analysis of the overall finance and performance position. This is the final report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. As outlined in reports to Executive throughout the year, the Council is experiencing financial pressures across all service areas. We continue to see significant and ongoing pressure across both children's and adults social care budgets. Within Children's these pressures were mainly in relation to Out of City placements and the previous use of agency staff. With Adults, the main pressures included the cost of care beds and an inability to recruit to vacancies leading to the use of more expensive agency staff. The management structure within both areas has now been fully recruited to with permanent staff in place.
3. However, many of the budget pressures are recurring whilst the mitigations that have allowed us to balance the budget are generally one off. Given the increases in interest rates, inflationary pressures and the ongoing pressures in both adults and children's social care it is therefore unsurprising that the outturn position is an overspend, as forecast throughout the year. Inflationary pressures have been a particular challenge, adding some £4.5m to the overall outturn.
4. Whilst the council's overall financial health provides a strong platform upon which to meet the financial challenges ahead, the position outlined in this report remains a matter of serious concern. These ongoing pressures will again need to be addressed in the 2024/25 budget setting process.

Recommendations

5. The Executive is asked to:
 - 1) Note the year end position.
 - 2) Note the finance and performance information

Reason: to ensure significant financial issues can be appropriately dealt with.

Financial Summary

6. The Council's net budget is £135m and the provisional outturn position is a net overspend of £4.8m funded from the use of contingency and earmarked reserves.
7. An overview of the outturn, on a directorate by directorate basis is outlined in Table 1 below and the key variances are explained in Annex 1.

Service area	Net budget	2022/23 Net Q3 Forecast Variation	2022/23 Draft Outturn
	£'000	£'000	£'000
Children & Education	22,365	6,697	4,669
Adult Social Care & Integration	49,544	3,322	3,312
Place	21,748	0	-1,232
Customers & Communities, Public Health & Corporate Services	24,655	550	535
Central budgets	18,072	-2,829	-2,397
Sub Total		7,740	4,887
Contingency	-1,000	-1,000	-1,000
Use of earmarked reserves		-3,000	-3,887
Net total including contingency	135,384	3,740	0

Table 1 – Finance overview

Reserves and Contingency

8. The February 2022 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.8m (equating to 5% of the net budget). At the beginning of 2022/23 the reserve stood at £6.9m and, as part of the budget report, approval was given to maintain this level of reserve in 2022/23 thus giving some headroom above the minimum level to take account of the continued risks facing the council, in particular the scale of future reductions on top of those already made. In addition,

the budget report outlined significant risks associated with major capital projects, reduction in New Homes Bonus and health budgets. The report also contained a strong recommendation that revenue reserves should be increased over the next couple of years, in recognition of the current risks the council faces.

9. On the general contingency, it has been assumed throughout the year that this would be needed to offset forecast budget pressures and this has been used in full as expected. There is ongoing base budget of £500k for contingency and it is expected that again this will be required to offset forecast pressure in future years.

Loans

10. Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. There are 2 loans in this category. Both loans are for £1m and made to Yorwaste, a company part owned by the Council. The first was made in June 2012 with a further loan made in June 2017 as agreed by Executive in November 2016. Interest is charged on both loans at 4% plus base rate meaning currently interest of 8.5% is being charged. All repayments are up to date.

Performance – Service Delivery

11. In spite of the many challenges that the organisation and City has faced over the last four years, performance across the wider organisation, not just the Council plan indicators, has continued to remain high and continues to compare favourably when benchmarked against other areas with similar characteristics to York. Whilst Covid and the actions taken to tackle the global pandemic have in places affected performance in the short-term, the general pattern for data and information monitored by the Council is that levels of resident and customer satisfaction, timeliness and responsiveness, as well as various directorate and service based indicators, have remained positive.
12. The Executive for the Council Plan (2019-23) agreed a core set of strategic indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the eight outcome areas included in the Council Plan. Some indicators are not measured on a quarterly basis and the DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly. A new Council Plan, with an updated dataset will be published for 2023-27.

13. A summary of the strategic indicators that have an **improving** direction of travel based on the latest, new, available data are shown below and further details around all of the core indicator set can be seen in Annex 2.

- **% of working age population in employment** – In Q3 2022-23, 85.5% of the working age population were in employment, which is higher than the national and regional figures (75.6% and 74.6% respectively) and the York performance gives the city a ranking of first regionally. The figure for Q3 2022-23 in York is higher than seen in previous years.
- **Number of Trees Planted (CYC)** – During 2022-23, CYC planted 1,099 trees, which is a large increase on previous years (73 in 2021-22 and 271 in 2020-21). The trees planted were a mixture of 29 standard large ‘street trees’ in various locations, and 1,070 whips (720 on the A166 at Grimston Bar and 350 at Rufforth allotments). In addition to these, there have been 84,620 trees planted so far in the York Community Woodland, with planting for the season now finished. A series of community planting days took place in February. This delivers, ahead of target, the Council Plan 2019-23 commitment to plant a minimum of 50k trees by 31 March 2023. This was achieved through the council’s partnership with Forestry England, who will nurture the new trees through to successful establishment and lead the woodlands long-term management for the next 120 years. Tree planting will continue over subsequent tree planting seasons to reach a total of 210,000 trees, one for each resident of York.
- **Number of incidents of Anti-social behaviour within the city centre** – There were 994 incidents of anti-social behaviour within the city centre alcohol restriction zone during 2022-23 which is a large reduction compared to 1,276 in 2021-22, and continues the year-on-year reduction seen since 2018-19.
- **Library visits** – Library visits (to all libraries, including reading cafes) during 2022-23 totalled 864,963, which is a large increase on the visits in the previous two years (617,771 in 2021-22 and 183,706 in 2020-21). This shows a very positive direction of travel, although the latest figure is still a little way below the pre-pandemic figures (1,023,034 visits in 2019-20).

14. Strategic indicators that have a worsening direction of travel based on the latest, new, available data are;

- **Secondary school persistent absence rate** – In the academic year 2021-22, 26% of secondary age pupils were persistently absent, up from 12% the previous year. York’s performance is not atypical, with a

similar change in National averages – from 15% in 2020-21 to 28% in 2021-22. The primary sector mirrored this trend in both York and National performance. In 2021-22, a change was made in absence reporting so that pupil covid absence had to be marked as “illness”. Prior to 2021-22, covid absence was not counted in the possible attendance, so was excluded from performance.

- **Number of homeless households with dependent children in temporary accommodation** – The latest available data shows that the number of households with dependent children in temporary accommodation has increased from 22 at Q1 2022-23 to 33 at Q2 2022-23. Generally, the households with children rise and fall in line with the total households and increases can be seen in both over recent years. There was a peak at the end of 2021-22 where 57% were households with children.

Annexes

15. Annex 1 shows the quarterly financial summaries for each of the Council directorates.
16. Annex 2 shows performance updates covering the core set of strategic indicators which are used to monitor the progress against the Council Plan.
17. All performance data (and approximately 1,200 further datasets) within this document is made available in machine-readable format through the Council’s open data platform at www.yorkopendata.org under the “performance scorecards” section.

Consultation

18. Not applicable.

Options

19. Not applicable.

Council Plan

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

Implications

21. The implications are:

- **Financial** are contained throughout the main body of the report.
- **Human Resources (HR)** There are no HR implications related to the recommendations
- **One Planet Council / Equalities** Whilst there are no specific implications within this report, services undertaken by the council make due consideration of these implications as a matter of course.
- **Legal** There are no legal implications related to the recommendations
- **Crime and Disorder** There are no crime and disorder implications related to the recommendations
- **Information Technology (IT)** There are no IT implications related to the recommendations
- **Property** There are no property implications related to the recommendations
- **Other** There are no other implications related to the recommendations

Risk Management

22. An assessment of risks is completed as part of the annual budget setting exercise. These risks are managed effectively through regular reporting and corrective action being taken where necessary and appropriate.

Contact Details

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Glossary of Abbreviations used in the report:

CYC	City of York Council
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