
**Corporate Services, Climate Change and
Scrutiny Management Scrutiny Committee**

7 October 2024

Report of the Chief Operating Officer and Chief Finance Officer

2024/25 Finance and Performance Monitor 1

Summary

1. This report sets out the projected 2024/25 financial position and the performance position for the period covering 1 April 2024 to 30 June 2024, together with an overview of any emerging issues. This is the first report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. This report outlines the Council's challenging financial position with a forecast overspend for 2024/25 of £3.4m. This is a huge improvement on the £11.4m forecast overspend we have previously seen at this stage in the financial year and is a direct result of the significant work undertaken by officers across all parts of the Council to identify savings and mitigations.
3. However, there is still a forecast overspend and therefore, whilst it is incredibly positive that the position is much improved, there remains a great deal of work still to do. It remains clear that the Council cannot afford to keep spending at this level. The general reserve is £6.9m and, whilst we have other earmarked reserves that we could call on if required, continued overspending will quickly see the Council exhaust its reserves.
4. The existing cost control measures remain in place, and further action is needed to bring spending down to an affordable level, both within the current financial year and over the next 3 years, to safeguard the Council's financial resilience and stability. The impact that this work is having can be clearly seen in this latest forecast and the Council's track record of delivering savings, along with robust financial management, provides a sound platform to continue to be able to deal with future challenges.

5. If we continue to take action and make any difficult decisions now, this will ensure the future financial stability of the Council and that we can continue to provide services for our residents. It is vital that mitigations are delivered, and the forecast overspend is reduced.

Background

Financial Summary and Mitigation Strategy

6. The current forecast is that there will be an overspend of £3.4m. This is despite the additional budget allocated through the 2024/25 budget process and ongoing action being taken by managers across the Council to try and reduce expenditure. If the Council continues to spend at the current level, and no action is taken, then we will continue to overspend and will exhaust our reserves and any other available funding. The current level of expenditure is unaffordable and therefore we must continue the work started in the previous financial year to identify and take the necessary actions to reduce expenditure.
7. As outlined in reports to Executive throughout the previous financial year, we have continued to see recurring overspends across both Adult and Children's Social Care. However, the underspends and mitigations that have allowed us to balance the budget at year end have generally been one off. Whilst the use of reserves to fund an overspend is appropriate as a one-off measure, it does not remove the need to identify ongoing savings to ensure the overall position is balanced. The budget report considered by Executive in February 2024 also included an assessment of risks associated with the budget, which included the need to secure further savings and effectively manage cost pressures.
8. Members will be aware that the financial position of local government is a national challenge and that the pressures being seen across both Adult and Children's Social Care are not something that is unique to York. Many Councils are experiencing significant financial pressures and struggling to balance their budgets now, so it is vital that we continue the work started last year to reduce our expenditure down to a sustainable level both within the current financial year and over the medium term.
9. Given the scale of the financial challenge, and the expected impact on budgets in future years, it is vital that every effort is made to balance the overall position. It is recognised that this will require difficult decisions to be made to protect services for vulnerable residents.

10. Corporate control measures are in place, but it is unlikely they will deliver the scale of reduction needed within the year. Other savings proposals, including service reductions, may also be needed. Officers will continue to carefully monitor spend, identify further mitigation, and review reserves and other funding to make every effort to reduce this forecast position. However, it is possible that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £6.9m of general reserves that would need to be called on if this were the case. As outlined in previous reports, any use of the general reserve would require additional savings to be made in the following year to replenish the reserve and ensure it remains at the recommended minimum level.
11. The delivery of savings plans continues to be a clear priority for all officers during the year. Corporate Directors and Directors will keep Executive Members informed of progress on a regular basis.

Financial Analysis

12. The Council's net budget is £149m. Following on from previous years, the challenge of delivering savings continues with c£14m to be achieved to reach a balanced budget. Early forecasts indicate the Council is facing net financial pressures of £3.4m and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below. Last years outturn is shown at Table 2.

Service area	Net budget £'000	2024/25 Forecast Variation £'000
Children & Education	28,659	1,359
Adult Social Care & Integration	45,307	2,361
Transport, Environment & Planning	23,464	-547
Housing & Communities	6,614	792
Corporate & Central Services	44,724	-69
Sub Total	148,768	3,896
Contingency	500	-500
Target for further mitigation		
Total including contingency	149,268	3,396

Table 1: Finance overview Q1 2024/25

Service area	Net budget	2023/24 Net Q3 Forecast Variation	2023/24 Outturn
	£'000	£'000	£'000
Children & Education	32,701	3,690	2,609
Adult Social Care & Integration	50,093	4,712	6,051
Place	33,206	-1,040	-2,310
Customers & Communities, Public Health & Corporate Services	8,935	830	-89
Central budgets	17,189	-2,600	-2,600
Sub Total		5,592	3,661
Contingency	-500	-500	-500
Use of earmarked reserves		-4,250	-3,161
Target for further mitigation		842	
Net total including contingency	141,624	nil	nil

Table 2: Finance overview 2023/24

Directorate Analysis

Corporate & Central Services

13. The forecast outturn position for the remaining areas of the Council is a net underspend of £69k and the top table below summarises the latest forecasts by service area. A 2023/24 table has been provided to show outturns, but please note this was on the previous organisational structure.

	2024/25 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Director of Finance	3,654	0	0
CO HR & Support Services	11,271	-75	-0.7
Director of Governance	3,795	6	-0.2
City Development	710	0	0
Public Health	13	0	0
Other Corporate & Treasury Mgt	25,280	0	0
Contingency	500	-500	-100
Total	45,224	-569	-1.3


	2023/24 Budget £'000	Outturn Variance £'000	Outturn Variance %
Chief Finance Officer	3,185	-54	-1.7
HR and Corporate Management	-18,446	-336	-1.8
Customers & Communities	18,300	446	2.4
Governance	5,328	-145	-2.7
Public Health	568	0	0
Total Corporate, Customers & Communities	8,935	-89	0.9
Other central budgets and treasury management	17,189	-2,600	-15.1

14. Within the corporate services directorates it is forecast at Monitor 1 that expenditure can be broadly contained within budgets.
15. Within the Director of Finance area there are forecast shortfalls in income within Property Services as areas of West Offices remain unlet. The service is working with a number of potential tenants to reduce this value and it is hoped that the building will be fully let for future years however there remains a shortfall of £600k for 2024/25.
16. It is envisioned that this overspend can be mitigated by additional income from DWP relating to unclaimed reimbursement of benefits regarding hostels. This is subject to audit and an updated position will be provided at Monitor 2.
17. There remains £500k set aside as a contingency and this is assumed to be used to offset other financial pressures across the council.



Performance – Service Delivery

18. This performance report is based upon the city outcome and council delivery indicators included in the Performance Framework for the Council Plan (2023-2027) which was launched in September 2023. This report only includes indicators where new data has become available, with a number of indicators that support the Council plan being developed. Wider or historic strategic and operational performance information is published quarterly on the Council's open data platform; www.yorkopendata.org.uk
19. The Executive for the Council Plan (2023-2027) agreed a core set of indicators to help monitor the Council priorities and these provide the structure for performance updates in this report. 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.

20. A summary of the city outcome and council delivery indicators by council plan theme are shown in the paragraphs below along with the latest data for the core indicator set.

Housing: Increasing the supply of affordable housing (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% of dwellings with energy rating in A-C band in the EPC Register - Snapshot	44.60% (2023/24)	45.10% (Q1 2024/25)	 Good	Monthly	Not available	Q2 2024/25 data available in November 2024
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						

21. **% of dwellings with energy rating in A-C band in the EPC register –**
An Energy Performance Certificate (EPC) gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for 10 years. Apart from a few exemptions, a building must have an EPC assessment when constructed, sold or let. Whilst the EPC register does not hold data for every property, it can be viewed as an indication of the general efficiency of homes. The rating is based on how a property uses and loses energy for example through heating, lighting, insulation, windows, water and energy sources. Each area is given a score which is then used to determine the A-G rating. In 2023, the median energy efficiency rating for a dwelling in England was Band D and a rating of A-C is generally considered to be good energy performance.
22. The % of properties on the register for York with an EPC rating of A-C at the end of June was 45.1%. This measure has increased incrementally month on month since CYC began reporting on the information 16 months ago when 42% of properties were rated A-C. The largest changes continue to be in the middle categories with around 3% less properties rated D-E and around 2.5% more rated C. The median grade for York as at June was band D which follows the latest national benchmark. Data is based on the last recorded certificate for 60,218 properties on the register for York, some of which will have been last assessed more than ten years ago.

Sustainability: Cutting carbon, enhancing the environment for our future (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
The average of maximum annual mean Nitrogen Dioxide concentration recorded across three areas of technical breach (at points of relevant public exposure) - Calendar	44.1 (2022/23)	38.8 (2023/24)		Annual	Not available	2024/25 data available in April 2025
Carbon emissions across the city (tonnes of carbon dioxide equivalent) - (Calendar Year)	912 (2019)	816 (2020)	 Good	Annual	Not available	2021 data available in October 2024
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						

23. **Level of CO2 emissions across the city and from council buildings and operations** – Carbon emissions across the city have been reducing over recent years, from 936 kilotonnes of carbon dioxide equivalent in 2018, to 816 in 2020. Emissions from councils buildings and operations have also been reducing, from 3,658 tonnes of carbon dioxide equivalent in 2020-21 to 3,462 in 2022-23. Data for 2021 and 2023-24 will be available in October 2024.

How the Council will operate (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
FOI & EIR - % Requests responded to In time - (YTD)	88.99% (2023/24)	97.64% (Q1 2024/25)	↑ Good	Monthly	Not available	Q2 2024/25 data available in October 2024
% of 4Cs Complaints responded to 'In Time'	85.54% (2023/24)	51.79% (Q1 2024/25)	↓ Bad	Monthly	Not available	Q2 2024/25 data available in October 2024
The % of the Talkabout panel reporting an 'excellent' experience when they last contacted the council about a service	8.56% (Q3 2023/24)	8.42% (Q1 2024/25)	→	Quarterly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting a 'good' experience when they last contacted the council about a service	27.35% (Q3 2023/24)	22.11% (Q1 2024/25)	→	Quarterly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting a 'satisfactory' experience when they last contacted the council about a service	27.07% (Q3 2023/24)	28.16% (Q1 2024/25)	→	Quarterly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting a 'poor' experience when they last contacted the council about a service	15.47% (Q3 2023/24)	17.37% (Q1 2024/25)	→	Quarterly	Not available	Q3 2024/25 data available in January 2025
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	11.34 (May 2023)	11.44 (May 2024)	→	Monthly	CIPD (Public Sector) 2022/23 10.6	Q1 2024/25 data available in September 2024
York Customer Centre average speed of answer	00:00:13 (Phone) (2023/24)	00:00:42 (Phone) (Q1 2024/25)	→	Monthly	Not available	Q2 2024/25 data available in October 2024

The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly.
All historic data is available via the Open Data Platform

24. **FOI and EIR** – 98% of requests were responded to in-time during Q1 2024-25 which is the highest figure seen for a number of years.
25. **% of 4Cs complaints responded to in-time** – In 2023-24, there had been a large decrease in the number of corporate complaints received compared to 2022-23 (1,310 in 2023-24 compared to 1,866 in 2022-23). This decrease has continued into 2024-25 with 278 corporate complaints received in Q1 (compared to 479 in Q1 2023-24). However, there has been a large reduction in performance for the percentage of corporate complaints responded to in time (85.5% in 2023-24 but only 51.8% in Q1 2024-25).
26. **% of the Talkabout panel reporting an excellent, good, satisfactory or poor experience when they last contacted the council about a service**

– The results for this indicator show that the majority of the panel report having a ‘good’ (22%) or ‘satisfactory’ (28%) experience when they last contacted the Council, with 8% reporting an ‘excellent’ experience and 17% reporting a ‘poor’ experience.

27. **Average sickness days per full time equivalent (FTE) employee** – At the end of May 2024, the average number of sickness days per FTE (rolling 12 months) had increased slightly to 11.44 days from 11.34 in May. Recently released benchmarks show that the CIPD public sector benchmark is 10.6 days per FTE, putting us in line with national trends.
28. **York Customer Centre average speed of answer** – Phones were answered, on average, in 42 seconds during Q1 2024-25 by the York Customer Centre. This remains low, although is slightly higher than the average of 13 seconds during 2023-24.

Consultation

29. Not applicable.

Options

30. Not applicable.

Analysis

31. Not applicable.

Council Plan

32. Not applicable.

Implications

33. The recommendations in the report potentially have implications across several areas. However, at this stage
- **Financial implications** are contained throughout the main body of the report. The actions and recommendations contained in this report should ensure the continued financial stability and resilience of the Council both in the current year and in future years.
 - **Human Resources (HR)**, there are no direct implications related to the recommendations.

- **Legal** The Council is under a statutory obligation to set a balanced budget on an annual basis. Under the Local Government Act 2003 it is required to monitor its budget during the financial year and take remedial action to address overspending and/or shortfalls of income.
- **Procurement**, there are no specific procurement implications to this report.
- **Health and Wellbeing**, there are no direct implications related to the recommendations.
- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, there are no direct implications related to the recommendations.
- **Equalities and Human Rights**, there are no direct implications related to the recommendations.
- **Data Protection and Privacy**, there are no implications related to the recommendations.
- **Communications**, there are no direct implications related to the recommendations.
- **Economy**, there are no direct implications related to the recommendations.

Risk Management

34. 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.
35. The current financial position represents a significant risk to the Council's financial viability and therefore to ongoing service delivery. It is important to ensure that the mitigations and decisions outlined in this paper are delivered and that the overspend is reduced.

Recommendations

36. The Committee is asked to:
 - a. Note the finance and performance information.
 - b. Note that work will continue on identifying savings needed to fully mitigate the forecast overspend.

Reason: to ensure expenditure is kept within the approved budget.

Contact Details

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Chief Officer Responsible for the report:

Ian Floyd
Chief Operating Officer

Report **Date**
Approved

Ian Floyd
Chief Operating Officer

Report **Date** 25/09/24
Approved

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

All

For further information please contact the author of the report

Background Papers: None.

Annexes: CSCCSM Q1 24-25 Scrutiny Committee Scorecard