

Annex 1 – Directorate Financial Summaries

Financial impact of COVID-19

- 1 Previous reports to Executive have outlined the scale of the financial challenge as a result of the COVID-19 pandemic and the level of additional expenditure incurred. There was also a substantial reduction in income from fees and charges during the first quarter of the year, and forecasts for the remainder of the year remain below budgeted levels. Whilst the impact of the pandemic is being felt across all Council services the following paragraphs highlight the main issues.
- 2 The Waste Collection service continued to provide a grey bin and recycling service throughout the lockdown period and the green bin was reintroduced in May 2020 (a month behind original plans). There was a need to employ additional staff across the first quarter of the year as staff were unavailable due to quarantining, shielding and greater numbers were required in order to provide the service within social distancing guidelines. The service also required significantly higher levels of PPE in order to provide the service safely. In order to complete rounds in the first months it also proved necessary to collect more recycling as comingled which has a greater cost to process as well as impacting income levels. As well as the extra cost of providing suitable PPE for our own front line staff, the Council also incurred some costs on the provision of PPE for staff working in private care homes.
- 3 In addition to the Government grants we have distributed, the council has provided further funding totalling £1.2m to help micro businesses that were not eligible for the national scheme. A micro grants scheme has helped 1,122 local businesses with grants of up to £1,000 to enable them to adapt in light of the COVID-19 lockdown. In addition, the Federation of Small Businesses has been funded to provide one year's membership for over 500 of York's micro businesses, enabling them to access free support and advice, and to benefit from membership of the FSB network.
- 4 The closure of markets, attractions and visitor accommodation has had an impact on the financial position of Make It York as income levels are below those forecast. The decision to cancel the Christmas Market also strongly impacts on Make It York's trading position. It is currently planned that following a report to Shareholder

Committee in November, Executive will be asked to consider a support package to Make It York at the December Executive.

- 5 Community Hubs were set up at the beginning of lockdown and have transitioned into a new method of working. The cost for 2021/21 is currently estimated to be in the region of £131k.
- 6 The number of people seeking help from adult social care, the number who go on to receive support and the amount of support they receive have all increased as a result of the pandemic. Social care services were also required to respond swiftly and effectively to the pandemic in order to both protect vulnerable citizens and NHS capacity. In effect this mean that staff were reallocated from business as usual work to undertake tasks such as ensuring people could be discharged safely and quickly from hospital, establishing short term intensive community and residential support services for COVID-19 positive people, supplying and delivering PPE, supporting care providers, those in receipt of direct payments and establishing new virtual and mobile ways of supporting citizens whose usual sources of support were interrupted.
- 7 Lockdown has placed significant pressure on many families where children have special educational needs and we have seen a similar rise to many other Councils of requests for statutory assessment in this area. We have not seen a significant spike in demand for children's social care which other areas have seen and believe this is because we have had a steady and significant increase in demand for early help. We have however experienced the higher level of complexity in children's social care referrals that has been seen across the country.
- 8 The Council also experienced significant downturns in income as many income streams, particularly car parking, virtually shut down in the first quarter of the year.
- 9 To 30th September there has been a £2m shortfall in parking income. April and May saw virtually no income (down over 90%) as the City was in full lockdown. Income started to recover in June where income was 74% below budget and July where income was 40% below budget. August and September have been better with income only 20% below budget. Assuming these improved income levels continue through the remainder of this year this will result in a total shortfall of £2.8m. In addition there is a forecast shortfall on PCN income of £380k. It should be noted that the increases in

parking charges agreed at the budget in February were not implemented, following an urgent decision which has also impacted total income. There have also been a number of parking incentives to support local businesses including free parking through RingGo app and reductions in Minster Badge charges agreed over the remainder of the year.

- 10 There is a forecast shortfall in income on commercial waste of £689k. During the lockdown a large number of the service's customers were not trading and therefore were not charged. The service is currently working with its customers to determine the level of service and charges going forward through the remainder of the year. If restrictions tighten further the forecast shortfall in income may worsen.
- 11 Whilst planning applications have continued into the council since April there has been a reduction in schemes and value of c 50% since that date. It is anticipated that levels will increase as the economy rebounds however an estimate of c66% of budget to the end of the year is currently anticipated.
- 12 Rent invoices in respect of commercial property are now sent on the normal timetable following a deferral for quarter 1 bills. Since that time officers in the Asset and Property Management Team have been working with tenants to agree revised payment plans in order that the council can continue to collect its revenue and the tenants can be supported in difficult trading circumstances. To date these conversations have been very successful and the majority of rents are being paid and still assumed to be collected. It is likely, however, that some businesses going forward may not be able to continue to trade and an assessment of the shortfall totalling £0.5m is currently estimated.
- 13 The pandemic has not only resulted in shortfalls in income across those outlined above but also a large number of other income budgets including the Mansion House and Registrars (due directly to the lockdown) licencing (where there was a fee holiday), bereavement services (where the charges were reduced) building control (when construction activity was on hold), land charges (when the housing market was on hold), green bin subscriptions (as the service was suspended). There are also shortfalls across Public Transport Fees (Park and Ride) and Network Management. Given the continued uncertainty and the potential for further restrictions, it remains difficult to have significant confidence in these estimates

and they are being closely monitored and updated on a monthly basis.

Children, Education & Communities

- 14 A net overspend of £2.5m is forecast primarily due to children's social care.
- 15 The placements budgets are predicted to overspend by a total of £3,025k in 2020/21. This includes variances of £692k on Fostering (including Independent Fostering Agencies), £461k on adoption and other allowances and £1,128k on Out of City Placements. The fostering projection is based on all local foster carer positions being filled, so where a child reaches 18 or a foster placement ends, then it is assumed that this is filled. The IFA and Out of City Placement projections have taken account of the placements expected to end in 2020/21, with a further reduction expected in 2021/22.
- 16 The number of Looked After Children in York has increased significantly in the past 12 months. The Looked After Children population had been stable for a number of years, in the range 190-210 at any one time (this was significantly below statistical neighbour and national average) On appointment the new Directorate Management Team identified unsafe drift and delay for some children in the system. This was subsequently identified by Ofsted and corrective action has led to significant recalibration in the system. For example in October 2018 there were only 4 individual children in care proceedings. As at the end of September 2020 there were 55 sets of proceedings on 93 individual children in place. Whilst the recalibration of the system has led to an increase of children in care, children are safer as a result and work now is being done to safely reduce numbers to acceptable levels. We have recently had an external review of our multi agency safeguarding hub (the front door to children's social care services) which has confirmed that decision making and thresholds are now appropriate.
- 17 At the time of this monitor the Children & Young People in Care (CYPIC) number is 285 and within the next 3 years 24.8% of these will leave local authority care. A Reducing Service Costs Board has been established in Specialist Services chaired by the Assistant Director which will review arrangements to reduce CYPIC numbers safely, the effectiveness and impact of the Edge of Care Service, current Family Group Conference activity and progress on foster care recruitment. In addition a Strategic Overview of Permanence

Group has been established, chaired by the Assistant Director to monitor the new Permanence Strategy through tight oversight of children with a plan of permanence and ensuring rigorous use of trackers in order to prevent delay and manage demand in the system.

- 18 A Track and Challenge exercise is also being undertaken on all young people in high cost residential placements which will also ensure education and health costs contributions where applicable are met. A Pathway for funding will be set up to include Health and Continuing Care funding. Children in residential are also being reviewed and those who need to be assessed with a view to returning nearer to York or 52 week placements in residential school to reduce to 38 are assessed.
- 19 Safeguarding Interventions are predicted to overspend by approximately £1,139k, mainly due to increases in the Court and Child Protection Teams who are dealing with the increase in cases. Legal fees are predicted to overspend by approximately £220k. Children protection numbers, following a recalibration spike, have now returned to national average levels.
- 20 Staffing budgets with Children's Social Work Services are also predicted to overspend by approximately £269k. This is mainly due to temporary staffing across the service, which the directorate has worked hard to eliminate with permanent appointments. Use of agency staff is at a last resort. This could be for example to back fill maternity leave however managers must evidence that they have attempted to backfill with fixed term contract in advance of any agency staff being agreed. A revised structure which reduced the need for agency costs had been agreed just before lock down but has not been able to be taken forward during the initial phase of the pandemic. This is now being re activated.
- 21 Home to School Transport budgets are currently projected to overspend, although, due to the complications and uncertainties created by the requirements for school transport and social distancing from September, it is extremely difficult to estimate the size of the overspend at this stage. Discussions are currently ongoing with schools and bus and taxi companies about potential arrangements and costs. This issue is common to all LAs with Home to School Transport responsibilities, and the Government has recognised this with the announcement of a grant to assist in funding

these additional costs. City of York Councils allocation of this grant is £119k and we are committed to not spend beyond this.

- 22 In addition to the effects of Covid-19, the Home to School Transport budget was already in a historic overspend position of approximately £200k. The savings targets for the SEN element of home to school transport have not been achieved because of a growth in the number of pupils/students requiring transport and the specialist requirements of that transport. The main increase in numbers have been at post 16/19 where because of the city now being able to provide more specialist education provision for this group of students more locally, subsequently we have had to provide more transport to the likes of York College, Askham Bryan, Choose 2 and Blueberry Academy. The changes in legislation to allow Education, Health and Care Plans (EHCPs) to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly. At this stage an estimate of a £200k overspend has been included in the directorate projection, reflecting the effects of the historic overspend, although this is subject to change as guidelines alter.
- 23 The DSG budgets within Education and Skills are predicted to overspend by £1,876k, mainly due to the high number of Out of Authority placements, which is partially responsible for the deficit position on the DSG.
- 24 The DSG position at 1st April 2020 was a deficit of £4.865m. Current predictions on High Needs and Central Services Block expenditure indicate that this deficit could grow to £10m by the end of this financial year, due to the continuing increase in High Needs numbers, and increasing complexity, requiring expensive provision. The main pressures are in Post 16 and Post 19 provision and the Out of Authority placements highlighted above. We are developing a DSG recovery plan which will provide options to bring this back to a balanced budget over the next 3 years. We are also part of national lobbying for the SEND review to move forward to address the funding gaps in this area which are experienced across the country.
- 25 A number of other more minor variations make up the overall directorate position.
- 26 The service is working on a detailed, costed mitigation plan that will include ways to improve controls over expenditure, identify efficiencies across the directorate and benchmarking with other

Councils to ensure best value is being achieved across all areas. Work is also underway to manage and understand demand so that early support can be put in place along with improved commissioning to ensure all activity is needs led and evidence based. We are also considering options to deliver services in a different way either through new brokerage arrangements or sharing services on a wider footprint.

Economy & Place

- 27 The Directorate is currently forecasting a small overspend that does not relate to additional costs or lost income relating to COVID-19. At this time in the year it is anticipated that these pressures are managed within the overall directorate budget. This can be achieved through a review of staff charged through to other programmes, review of the waste reserve and challenging service managers over ways to reduce expenditure.

Customer & Corporate Services

- 28 Overall the directorate is expected to outturn within budget. There are a number of minor variations being managed and work will continue to try and identify additional savings to help the overall position.

Health, Housing & Adult Social Care

- 29 A net over spend of £2,831k is forecast for the directorate, mainly due to pressures within Adult Social Care. The majority of the overspend relates to the continuation of existing 2019/20 pressures that have been previously reported.
- 30 Permanent residential care is forecast to overspend by £315k based on current customer numbers. This is mainly due to the average cost of working age Physical & Sensory Impairment placements being around £13k higher than was planned for in the budget. The policy of using short term placements to support people to return home has resulted in fewer admission to residential care and nursing. Older People residential care is currently projected to be on budget having overspent in 2019/20 due to a reduction in the number of residential customer care packages over the first quarter of 2020/21. Permanent nursing care is forecast by underspend by £471k based on current customer numbers. We are actively working with health

colleagues to ensure we have effective brokerage, commissioning, review and market management in these areas.

- 31 However, in addition to the above there are a number of customers in residential and nursing placements which are currently being paid for by Heath under the COVID-19 regulations. The current assumption is that responsibility for these customers will transfer to the Council from 1st October, which is projected to increase the net cost of residential and nursing placements by around £1,362k by the end of the year. We are considering models of review which have been effectively used in other areas to manage these costs more effectively.
- 32 Home care is projected to overspend by £1,236k mainly due to the weekly number of hours for homecare contracts being more than was assumed when the budget was set. There have been a number of new customers needing home care packages either due to their carer being unable to provide care because of Covid or as a result of the customer's condition deteriorating during lockdown. Systems are in place to track and code these increases due to covid separately, reclaiming costs from the national NHSE funding stream. This area of work is also linked into the review work identified above.
- 33 There are a number of workstreams in place to reduce the long term impact on the home care budget including improving the capacity of the reablement service, introducing short term rapid response support for covid positive people, an improved approach to reviewing peoples care to make the best use of non-council resources and additional work to draw in NHS income.
- 34 Physical and Sensory Impairment Supported Living schemes are forecast to overspend by £647k due to there currently being five more customers in schemes than assumed in the budget, and in addition the net cost is £10k per annum higher than budgeted for. This is offset by a projected underspend of £294k in direct payments.
- 35 Learning disability residential budgets are forecast to overspend by £991k. The numbers placed are in line with budget, however the net cost per placement is currently £15k more than budget. This is partially due to ongoing issues of customers no longer qualifying for 100% continuing health care (CHC) funding and responsibility passing across from Health to ASC. This involves small numbers of people with very high costs. In response to this the council has employed and trained specialist CHC workers and established a

project to work on these highest costing care packages. Joint work is underway with the NHS to adopt a better joint approach to gain better value from the market and also to review existing care pathways in this area to ensure the most effective demand management is in place.

- 36 Supported Living for Learning Disability customers is forecast to overspend by £282k. This is due to having 8 more customers than in the budget, and also the average amount of CHC funding per customer is £7k less than was assumed when the budget was set.
- 37 Direct Payments for LD customers is forecast to overspend by £523k as the average direct payment per customer is around £3.4k more than in the budget. A number of these are under review as part of the high cost packages and review work
- 38 Mental Health budgets are forecast to overspend by £1,130k, predominantly due to an increase in the number of residential care placements needed. The mental health accommodation programme is on track to deliver lower cost local alternative provision.
- 39 Be Independent is currently projected to overspend by £182k. The financial position of the service has been recovered significantly since being transferred back to the Council, but there is still work to be done in order to balance the budget.
- 40 There is a projected overspend of £350k on Haxby Hall. Transfer of the service to an external provider has been delayed due to COVID-19 and there is a substantial overspend on staffing due to the use of Work with York and external agency staff to cover staff vacancies pending the transfer going ahead. In addition income is down due to there being a reduced number of customers currently being placed in the home.
- 41 Due to the pandemic Yorkcraft is currently projected to overspend by £175k. This is due to a £62k saving from review of the service which is not likely to be achieved in 2020/21, together with an underachievement of income on external contracts and office collections due to the Covid pandemic.
- 42 The service is working on a detailed, costed mitigation plan. This will include a continuation of the Home First principle to reduce the numbers of people needing long term residential care, continued implementation of the operating model for social care along with a review of the Better Care Fund commitments and use of health

funding where appropriate. The service is also reviewing care pathways, the robustness of commissioning and market management processes and both services and care package review systems.

- 43 Mitigation work is being focussed on reducing admissions to care, reducing the hospital length of stay and improving reablement potential. Further work is ongoing to improve business processes and upskilling frontline teams in strengths based conversations along with improving the efficiency of placements in Independent Living Schemes, improved access to information and advice, and maximising the uptake of community capacity to tackle isolation and improve resilience. We are working with regional colleagues to undertake a peer review of our services to ensure we have effective demand management pathways in place, market management and brokerage and commissioning processes. This will report in January.

Housing Revenue Account

- 44 The Housing Revenue Account budget for 2019/20 is a net cost of £286k. Overall, the account continues to be financially strong and is forecasting a net overspend of £70k.
- 45 Repairs & Maintenance is currently forecasting a nil variance for 20/21. All non-urgent repairs were suspended for the entirety of Q1 in response to COVID-19 and void works were reduced. All of the work streams have now recommenced and it is evident through increased call volumes, demand for voids work, and heating and electrical repairs that a notable backlog has built up. As this build-up of work is dealt with and we move in to the higher demand winter period, it is forecast that the full repairs budget will be spent.
- 46 There are a number of staffing vacancies that are forecast to save £205k. This is offset by the increasing costs of the independent external advice for the James House project which are now forecasted to be £120k above the budget, resulting in a net underspend of £85k.
- 47 Rent arrears have increased by c£60k per month in quarter 1 against a forecast of £30k per month. The new financial assistance scheme will provide financial support and assistance to HRA tenants with their rent arrears.

- 48 There is a forecast shortfall relating to rents of £251k. The opening of James House was delayed by 10 weeks at the start of the year and Lincoln Court is expected to have a small delay of around 8 weeks, however the majority of the shortfall in income relates to voids. The average void days have increased by 11 days compared to the same period last year, this is due to the lack of moves during lockdown and the slower turnaround of the properties due to works being completed in line with social measures. All teams across Housing are working together to improve the re-let of the properties.
- 49 Due to the delay in the courts re-opening, legal recharges are forecast to be extremely reduced by c£84k, with other small underspends of £7k, the overall under achievement of income in this area is forecasted to be in the region of £89k.
- 50 The interest receivable on the HRA credit balances is forecast to be higher than the budget this year due to the holding of large balances pending the large scale investment in to new council house building, as such an over achievement of income of £200k is projected at quarter 2.
- 51 As previously reported the HRA will not receive any financial assistance from the government relating to the pandemic and as such the underspend from 2019/20 of £539k was set aside to fund COVID-19 and other pressures.
- 52 The working balance position at 31 March 2020 was £26.4m. The projected outturn position means the working balance will increase to £27.08m at 31 March 2021. This compares to the balance forecast within the latest business plan of £25.58m.
- 53 The working balance is increasing in order to start repaying the £121.5m debt that the HRA incurred as part of self-financing in 2012. The current business plan assumes that reserves are set aside to enable to the debt to be repaid over the period 2023/24 to 2042/43

Corporate Budgets

- 54 These budgets include Treasury Management and other corporately held funds. It is anticipated that overall a £900k underspend will be achieved, predominantly as a result of reviewing capital financing assumptions.