

AGENDA SUPPLEMENT 1

Joint Budget Decision Session - Executive Leader (incorporating Policy, Strategy and Partnerships) and Executive Member for Finance & Performance

To: Councillors Aspden Executive Leader (incorporating Policy, Strategy and Partnerships) and Ayre (Executive Member for Finance & Performance)

Date: Monday, 13 December 2021

Time: 10.00 am

Venue: The George Hudson Board Room - 1st Floor West Offices (F045)

The Agenda for the above meeting was published on Friday 3 December 2021. The attached additional documents are now available for the following agenda item:

4. Financial Strategy 2022/23 to 2026/27 (Pages 1 - 34)

The purpose of this Decision Session report is to provide background information for the overall Financial Strategy and to present the draft savings proposals, growth assumptions and capital schemes for the Policy Strategy and Partnerships, and Finance and Performance portfolios. This will provide an opportunity for Executive Members to obtain feedback in advance of the finalisation of the overall Financial Strategy which will be presented to Executive on 7 February 2022.

In the interests of wider transparency and consultation relating to budget decision making sessions, all budget reports for these sessions have been published together on Monday 6 December 2021 (<https://www.york.gov.uk/budget>) A copy of the appropriate papers for this meeting are attached for the purpose of this session.

This agenda supplement was published on Monday 6 December 2021.

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Joint Decision Session
Leader, Executive Member for Policy, Strategy & Partnerships
Executive Member for Finance & Performance

13 December 2021

Report of the Chief Finance Officer

FINANCIAL STRATEGY 2022/23 to 2026/27

Summary

1. The Financial Strategy 2022/23 to 2026/27 will be presented to Executive on 7 February 2022 and Full Council on 17 February 2022.
2. The purpose of this Decision Session report is to provide background information for the overall Financial Strategy and to present the draft savings proposals, growth assumptions and capital schemes for the Policy Strategy and Partnerships, and Finance and Performance portfolios. This will provide an opportunity for Executive Members to obtain feedback in advance of the finalisation of the overall Financial Strategy which will be presented to Executive on 7 February 2022.
3. The net revenue budget for the following portfolios in 2021/22 and 2022/23 are as follows

	2021/22 £'000	2022/23 £'000
Policy, Strategy & Partnerships	4,655	4,755
Finance & Performance	11,603	12,229

4. These portfolios include the continuation of growth, with a £2m allocated for inflationary increases and £1.6m to support the capital programme in 2022/23 for investment in these services. Savings of £1.2m are included within these portfolios, which form a large contribution towards more than £1m back office efficiencies.
5. The Council continues to face unprecedented financial challenges due to the impact of the Covid-19 pandemic and demand for Council services has increased. This has generated an in-year financial pressure totalling

£9.1m for the Council (mitigated to £4.6m), as noted to Executive in the latest Financial and Performance Monitor.

6. It should also be recognised that, like all local authorities in England, funding from central Government grants have significantly reduced over the past decade. For example, in 2011, City of York Council received £56m from the Revenue Support Grant. Now in 2021, the Council receives only £540k of this grant which is rolled into the Council's share of Business Rates.
7. In October 2021, the Chancellor announced the Government's 3-year Spending Review. Details of the specific authority funding allocations will not be announced until the provisional settlement in December 2021. In response to the Spending Review, the Council's submission outlined the need for long-term funding certainty to address the immediate funding challenges local authorities are facing across the country; the need for more funding to support people into jobs, particularly in sectors critical for the UK's sustainable recovery; and highlighted the case to replace business rates with a model which provides a 21st century system to support innovation alongside supporting our high streets. At this stage, due to the ongoing financial impact of Covid-19 and the lack of detail in relation to the settlement from central government it is difficult to forecast in the medium term.
8. Key assumptions for the overall Financial Strategy are focused on 2022/23 as follows;
 - Overall £12.4m in additional revenue funding will be added to the Council's 2022/23 budget on adult social care and children's services.
 - A proposed basic council tax increase of 1.99 % in 2021/22, equating to additional income of £1.9m. Any increase above this amount would require a referendum.
 - In addition an increase of 1% in line with the government's social care precept, equating to additional income of £980k, which provides support for adult social care
 - Revenue savings of almost £7.1m in 2022/23. This includes £1.9m of the 2022/23 savings are the full year effect of prior year savings previously agreed by Executive.
9. As a consequence of the Covid-19 pandemic, the necessity for the Council to maintain a stable and resilient financial position is now as

important as ever in the midst of this unprecedented level of uncertainty and economic challenges. Further details of the impact of Covid-19 on the Council's finances are included below within 'the national context' section.

10. The Council also continues to face long standing financial challenges, particularly with regard to uncertainty over national funding streams and growing demand for Council services, especially within adult and children's social care.
11. The Council's proposed overall Financial Strategy includes significant investment to stabilise our finances to protect against the economic effects of Covid-19 and continues to invest in priority areas as outlined in the Council Plan, including adult social care and support for children, frontline services, respond to the climate emergency and to continue the city's economic recovery.
12. Recognising the unprecedented economic challenge of the pandemic and support needed for local residents, we are increasing net spending by £4.3 million on adult social care and support for children, whilst investing additional funding to protect frontline services, accelerate our economic recovery and protecting our core capacity to continue to respond to the climate emergency and make progress on Council Plan priorities. To enable this investment, the Council has put forward back office efficiencies of over £1 million to ensure financial prudence and that the Council is prepared to respond to future challenges and deliver services to residents and businesses more effectively.
13. Specific examples of the Council's £12.4m revenue investment include;
 - Good Health & Wellbeing – revenue investment in 2022/23 of over £1.6m in adult social care in addition to the £1m one off support agreed last year, to support and care for some of the most vulnerable residents in York. This includes the costs of care, supporting adult social care staff and enabling residents to remain in their homes for longer.
 - A Better start for Children and Young People - revenue investment in 2022/23 of £2.7m, in addition to the £1m one off investment agreed last year and £3.2m ongoing investment since 2019/20 to support children and young people across the city, including further funding for social care staff.

- An additional £30k to support the Executive decision in November 2021 to approve the creation of an Access Officer post to support the Strategic Review of City Centre Access and associated Action Plan to help deliver the agreed mitigation measures to improve access for blue badge holders.
 - Creating homes and world class infrastructure - revenue investment in 2022/23 of £1.6m to fund the prior year capital programme to continue the on-going work of the Housing Delivery Programme, York Central, Castle Gateway, Highways investment, vehicle replacement, The Guildhall, Station Frontage and other crucial major projects.
 - Getting around sustainably - revenue investment in 2022/23 of a further £150k one off funding to deliver the development of the Local Transport Plan subject to city wide consultation on the strategy that will help to move the city towards zero carbon by 2030 and underpin our commitment to tackling congestion and traffic pollution in York.
14. The budget proposals outlined ensure that additional investment is made into both People and Place directorates with efficiency savings being made across corporate, back office functions. Ensuring that there is the capacity to invest in council priorities and accelerate recovery from the pandemic has been a critical part of the budget deliberations, including protecting the council's capacity to take forward its climate change ambitions.
15. Given the continued financial challenges due to the pandemic, the Council is addressing this by continuing to invest a further £1million in the Covid-19 Recovery Fund which was created as a one off last year. This will allow provision of the following measures, alongside a contingency amount for any further impact where we may need to react quickly to changing circumstances:
- £200k to support Covid-19 recovery efforts in local communities across the city
 - £100k will be invested to give holiday hunger support to children
 - £100k will be used to support education catch-up. To develop reintegration pathways for children who have become disengaged from school – this will include training for all schools on trauma informed practice with specific outcomes linked to the review and

development of school attendance policies and develop an attendance champions network across all schools.

- £50k to support York's bid for Great British Railways, Places for Growth and Devolution
- £50k to provide sustainable travel incentives to support recovery and build back confidence in public transport
- £100k will be used to assist households via the York Financial Assistance Fund, helping residents on the lowest incomes mitigate the financial impact of the pandemic
- £50k additional growth to extend mental health support (total budget including 21/22 allocation of £250k)
- £50k to continue to support local businesses during recovery

16. Due to the uncertainty of the financial situation, and the need to invest in recovery, the Council has reviewed the level of capital investment needed and has been able to reprioritise some areas of the existing capital budget to invest in the Council's priorities and to support the city's recovery from the impacts of Covid-19. The Council's priority focus is to support York in building back better from the pandemic. This Budget continues the Council's transformational £570 million Capital Programme, to drive regeneration and accelerate the city's economic recovery.

17. Some of the key capital projects include;

- £43m to progress the York Central scheme
- £25m to progress the Station Frontage Scheme
- £66m to improve the city's road network infrastructure and accelerate the delivery of flood defences, in conjunction with local and regional flood defence funding
- £15m on the fleet replacement programme
- £11m to progress regeneration schemes in the city, including Castle Gateway and the Guildhall
- £63m to further develop the York Outer Ring Road, including cycling and walking improvements in the vicinity of the ring road

- £126m to deliver more housing across the city, including affordable housing

18. This report focuses on the revenue savings and growth proposals specific to the Policy Strategy and Partnerships, and Finance and Performance portfolios. Annex 1 provides details of savings proposals and annex 2 provides details of growth proposals. Annex 3 provides feedback to date from the public consultation. Annex 4 provides details of schemes in the Policy Strategy and Partnerships, and Finance and Performance portfolios Capital Programme.

Recommendations

19. The Executive Members are asked to consider, in the context of the overall budget;

- The 2022/23 revenue savings proposals for their portfolio as set out in annex 1
- The 2022/23 revenue growth proposals for their portfolio as set out in annex 2
- The feedback from consultation to date as set out in annex 3
- The new schemes for inclusion in the 2022/23 to 2026/27 Capital Programme as set out in annex 4

Reason: To ensure that stakeholders have the opportunity to feed into the budget process in advance of the finalisation of the Financial Strategy 2022/23 to 2026/27.

Background

National Context and Funding Issues

20. All aspects of the public sector are continuing to face challenging times. In recent years the council has had to deal with large reductions in funding, combined with a wide range of significant pressures. The additional pressure on Council finances due to Covid-19 has added to the uncertainty, just like the many thousands of businesses and organisations across the country. Demand for services has increased, at the same time income has significantly fallen.

21. Analysis from the Local Government Association (LGA) suggests that Councils in England will face a funding gap of more than £5 billion by 2024 to maintain services at current levels. It is also suggested that this figure could double amid the huge economic and societal uncertainty caused by the COVID-19 pandemic. As part of this work, the LGA recommends to Government that £10 billion is needed to not only plug this gap, but meet growing demand pressures and improve services for communities.
22. The Spending Review 2021 was announced on 27 October 2021 to cover the 3 years from 2022/23 to 2024/25. At the national level the headlines were:
 - Local government will receive an additional £4.8bn in “core” grant funding over the next 3 years (roughly an additional £1.6bn in each year). The increase in grant funding is front-loaded, with almost all the increase in grant in 2022-23, and very little increase in the two later years.
 - Separately, local government will receive £3.6bn in grant funding through the settlement for social care reforms. The sector will receive £200m in 2022-23, £1.4bn in 2023-24 and £2.0bn in 2024-25.
 - The government allocated £5.4bn to fund the social care reforms that it announced on 7 September 2021. £3.6bn will be allocated through the settlement, and the remaining £1.7bn will be allocated separately by the Department of Health and Social Care “to improve the wider social care system”.
23. Details of the specific authority funding allocations will not be announced until the provisional settlement in December 2021. It is not clear whether the settlement will announce one-year allocations or a multi-year package, which further adds to uncertainty and make long-term financial planning more complex.
24. The provisional announcement is too late for inclusion in this report but if there are any updates before the meeting date a verbal update will be provided. It is expected that the final settlement will be announced in February, but it is unlikely to differ significantly from the provisional figures.
25. Significant uncertainty remains due to the financial effect of Covid-19 on council tax and business rates income. In addition, there remains ongoing uncertainty around long standing issues which have been

delayed due to Covid-19; the ongoing 'fair funding' review, the withdrawal of New Homes Bonus (NHB) funding, the ongoing review of business rates retention and details of the business rates baseline reset, which may be delayed until perhaps 2025/26.

26. No new funding has been announced for ongoing Covid-19 pressures. Michael Gove MP appeared at the Levelling Up, Housing and Communities select committee on 8 November 2021 and has indicated that the 75% rates retention scheme is unlikely to go ahead. All this uncertainty increases the risks facing the Council.
27. However, this risk is mitigated by the inclusion of a Covid contingency. Without this contingency fund the budget would not, in the view of the Chief Finance Officer, be sufficiently robust to meet the challenges ahead, nor would it properly cover potential costs for the year ahead.
28. Due to historical and outdated data held by the government, York has received significantly less funding when compared to many other local authorities. Therefore in simplistic terms, when funding allocations are distributed by central government York will receive less than a historical (and potentially out of date) high spending authority. In 2021/22, core spending power in York sat at £706 per head, - the second lowest in the country compared to councils such as Kensington and Chelsea who receive £1,305 per head. If York were to receive even the average amount of spend the city would benefit from an extra £16.5m each year. The Fair Funding Review remit was set to tackle this inequity, so the further postponement increases the Council's financial challenges in the medium term. York is one of 20 authorities raising this issue with Michael Gove MP before the provisional settlement announcement in December via the F20 Group.

Local issues and challenges

29. Despite the Covid-19 funding provided by central government, an ongoing impact in future years is still expected due to a range of issues. As the city continues to recover, it is anticipated there will be significant pressures as a result of the longer term impacts on individual residents and increase in the cost of adult social care.
30. There are serious underlying budget pressures across both adult and children's social care. Both adult and children's social care is operating in an extremely challenging environment. Despite the allocation of £4.3m to the People directorate in the 2021/22 budget. The gross financial

pressures facing the council in 2021/22 are projected at £9.1m but after mitigation and further action it is considered that this can be brought down to a net position of £4.6m.

31. In addition, as residents and businesses respond to the economic impacts of the pandemic, it is anticipated there will be a reduction in both Council Tax and Business Rates receipts. In response to this shortfall, the Council has had to make some difficult decisions to identify some £7.1m of savings and efficiencies to ensure crucial council services can continue to support local residents and businesses.
32. Focussing our resources on protecting the most vulnerable during the pandemic has meant actions needed to deliver savings and manage some of the underlying budget pressures being experienced in social care have not been prioritised. We are also seeing an increase in social care costs directly as a result of the pandemic. These are national issues that are not unique to York and the combination of increased costs and delays in achieving savings is having a detrimental impact on all local authorities. For example, Manchester City Council has recently reported a £153m budget shortfall over the next three years.
33. Partner organisations in the city are also experiencing unprecedented financial challenges and it is clear that the pandemic will have lasting financial implications both on the Council and many other organisations operating in the city. Whilst the Council continues to make every effort to manage the situation and protect critical front line service delivery, through identifying efficiencies and more robust control of costs, the Government funding will not fully compensate the Council and this represents a risk to the delivery of the Council Plan and the ongoing delivery of essential services.
34. The pandemic has caused significant changes to the way the economy operates globally, nationally and locally. The long term impacts on retail, office working and tourism are all subject to a great deal of speculation. In addition, the UK has the uncertainties of the impact of Brexit and the challenges and opportunities that may bring to the York economy. York is well placed to manage these challenges, with a highly educated workforce and excellent infrastructure, however the impact on Council revenue and service demands is highly unpredictable. With this unprecedented level of uncertainty in both the national and local economy it is therefore prudent to continue to plan on the basis of the current financial picture and begin to put in place mitigation and cost control strategies to bring expenditure down to within approved budgets.

35. Putting aside the impact of Covid-19, demand for council services continues to increase, with an ageing population with increased complex needs in respect of social care. There are also significant challenges in the health sector, including challenging financial positions for health partners, which are in turn a significant financial risk to the council. At the time of writing, York Hospital is continuing to experience unprecedented demand and GPs are seeing a spike in appointments and we still await further detail and certainty regarding long-term funding for social care.
36. In addition, inflation is driving costs up and there is continued pressure on many of the council's income budgets, all of which highlights the need to include a realistic and prudent contingency fund.

Medium Term Financial Strategy and approach to savings

37. The medium term financial strategy focuses on delivering efficiencies across all areas. Ensuring that there is the capacity to invest in key priority areas has been a critical part of previous budget decisions and will need to continue in the future.
38. This strategic approach ensures that any cross cutting implications are taken into consideration and savings in one particular area do not impact on other budgets in an unintended way.
39. At the beginning of the budget process for the 4 year period from 2020/21 to 2023/24, directorates were asked to consider the long term implications of a 2% per annum reduction in their controllable budgets, in the region of £4m in each financial year. This included an assessment of options, risks, and links with Council priorities. In light of Covid-19, an above forecast increase in inflation and demographic service pressures the savings requirement for 2022/23 increased to £7m.
40. Specific details of future year's savings proposals will be covered in future budget reports. The eventual scale of savings that are required over the next 4-year period will be driven by the outcomes of the future spending reviews and economic recovery, alongside the extent to which service demands affect the council. Looking beyond 2022/23 is difficult at this time given the wide range of uncertainties.

Principles that have shaped the budget process

41. The budget setting process has taken into account the following issues;

- i. Consideration of the 2021/22 position.
 - ii. Consideration of unavoidable cost increases.
 - iii. How to create the capacity in priority areas and driving service improvement and innovation.
 - iv. Consideration of reductions in grant funding.
 - v. Ensuring that the budget is robust and prudent and is based upon the strategic financial advice of Chief Finance Officer as s151 officer.
 - vi. Ensuring there is a strong link between the capital and revenue budgets and that the delivery of priorities fully considers the two budgets hand in hand.
42. It is critical that the council continues to support a strong local economy, recognising the significant financial benefits in the form of retained business rates, and the creation of jobs. Ensuring that there is a strong link between the capital and revenue budgets to support the delivery of council priorities is essential.
43. The Capital Programme report in February will set out proposals for reprioritisation of investment. These continue the council's approach to prioritise investment in the economy, housing, transport, and to invest to save including energy efficiency. The capital budget proposals for Policy Strategy and Partnerships, and Finance and Performance portfolios are included in annex 4.

Consultation

44. The council has consulted with residents and businesses to identify the services that matter most to them and to understand their priorities for spending the council budgets.
45. The 2022/23 budget consultation launched in October and closes on 8 December 2021.
46. The consultation replicated a number of question sets from previous years on council tax and the social care precept, to allow us to track and assess feedback.
47. The consultation was promoted to residents through various channels via Our City publication, social media, local media, forum groups,

newsletters, published on the council's consultation page, and promoted in Council Buildings such as Libraries and Leisure Centres.

48. Our City was delivered to all households from 24 October. Paper responses are sent back at no cost to residents via Freepost to West Offices.
49. The online survey was promoted within the business community via existing business network links and distribution groups such as York Business Week, Make It York, BID, York Chamber of Commerce, York Federation of Small Businesses and asking them to pass on to their members.
50. A trial focus group was consulted in early November which allowed a more in-depth discussion with participants. Further focus groups are expected to take place before the final Executive decision in February 2022.
51. Feedback from the Budget Consultation Focus Group and all views and data gathered during the consultation will in due course be published on the York's open data platform www.yorkopendata.org
52. Annex 3 provides details of consultation feedback received to date.

Council Plan

53. The Council Plan for 2019/2023 is based on the statutory responsibilities and the priorities of the Council. The plan is structured around 8 core outcomes, which in turn reflect the key components of a good quality of life for our residents. These are:
 - **A Greener and Cleaner City** – York's environment is protected and enhanced through investment in the Council's frontline services working towards becoming a carbon neutral city by 2030
 - **Good Health and Wellbeing** – Every resident enjoys the best possible health and wellbeing throughout their life
 - **A Better Start for Children and Young People** – Families, carers and schools are supported so that every child and young person has the opportunity to develop, learn and achieve their aspirations
 - **Well-paid jobs and an inclusive economy** – High skilled and better paid jobs in sustainable businesses, providing opportunities for all York's people in an inclusive economy

- **Getting around sustainably** – More people chose to travel by public transport, walking or cycling, benefiting from improved roads, footpaths and cycle routes across the city, cutting congestion, pollution and carbon emissions, as part of renewed efforts to tackle the climate emergency
- **Creating homes and world-class infrastructure** – The right housing is available, affordable and environmentally sustainable for everyone with good quality infrastructure that supports community and local businesses
- **Safe Communities and culture for all** – Residents live safe from harm as part of strong and vibrant communities, participating in their local area and have access to a range of quality cultural activities
- **An open and effective Council** – We work as an efficient, open, transparent, democratically-led and accountable organisation, in partnership with key stakeholders, to deliver on residents priorities and achieve the council plan outcomes for our city

54. The plan focuses on outcomes rather than just on the services we provide, to help the Council and our partners work better together, rather than as a collection of individual services and activities.
55. The plan was formally approved by Council on 31 October 2019 following consultation with residents, businesses and staff.
56. The budget reflects the Council priorities with significant revenue and capital investment in a number of areas, as outlined in the summary of this report.

Options

57. Annex 1 sets out the savings proposals for Policy Strategy and Partnerships, and Finance and Performance portfolios for 2022/23. The figures included in the column 2023/24 impact show the full year/ ongoing impact of decisions taken in 2022/23. Annex 2 sets out the growth proposals and Annex 3 sets out the consultation responses received to date. Annex 4 sets out the new capital schemes for Policy Strategy and Partnerships, and Finance and Performance portfolios.
58. The options available to the Executive Members are;
 - Option 1 - to retain the savings, growth and capital proposals as set out in annex 1, 2 and 4

- Option 2 – to add, delete or amend proposals, noting that any adjustments made should have a net nil effect with reference to the overall budget.

Analysis

59. The net revenue budget for the following portfolios in 2021/22 and 2022/23 are as follows

	2021/22 £'000	2022/23 £'000
Policy, Strategy & Partnerships	4,655	4,755
Finance & Performance	11,603	12,229

60. These portfolios include the continuation of growth, with a £2m allocated for inflationary increases and £1.6m to support the capital programme in 2022/23 for investment in these services. Savings of £1.2m are included within these portfolios, which form a large contribution towards back office efficiencies.
61. Essential growth across a number of ICT service contracts that will ensure the council's technology services are protected in terms of meeting new mandatory cyber security requirements and keeping the council's systems and data safe.
62. The focus of the budget savings activities continues to be to deliver back office efficiencies of more than £1m in total to ensure resources can be targeted at supporting our most vulnerable residents and front line services are maintained.
63. New capital investment in the Finance and Performance portfolio is £6.070m on extensions to existing schemes, including the ICT development programme (£5.42m). This is to ensure that the Council can continue to deliver services flexibly, particularly during periods of national restrictions, and to maximise commercial property income to reinvest back into crucial services.
64. With recent national policy developments regarding a potential devolution deal for York and North Yorkshire, following the outcome of Local Government Reorganisation, and the recently announced competition into the location of Great British Railways (GBR), £50k is proposed from the Covid Recovery Fund to continue this work in

progressing devolution and the development of a business case for GBR.

65. Growth in this area will allow continued communications regarding Covid-19 and national restrictions. For example, the recently launched winter campaign to 'keep York safe and open' will promote messages regarding mask wearing and hand washing in response to the increased number of Covid cases in the city. With continued uncertainty regarding the pandemic, it will be important to continue communications to residents, businesses and communities in this area.
66. An additional £100k is proposed to invest in the York Financial Assistance Fund, which will work to assist residents on the lowest incomes mitigate some of the financial impacts of the pandemic.
67. Within the capital programme, £43 million is included to maintain progress in delivering the York Central scheme. The York Central development is one of the largest brownfield regeneration sites in the UK and is a unique opportunity for housing and economic growth in the centre of York.
68. In addition to York Central, the capital programme includes £11 million to progress other regeneration schemes in the city, including Castle Gateway and the redevelopment of the Guildhall.

Equalities

69. An impact assessment has been completed for each individual saving. Once the savings are finalised, an assessment will be completed on the overall impact of the budget proposals using the Better Decision Making Tool and will be published in the budget report to Executive in February 2022. The impact assessment considers risks associated with savings proposals to ensure any negative impact for a particular group, sector or community is eliminated or counterbalanced. Decisions taken will also consider the impact on the Councils carbon budget alongside benefits such as improvements to service users or a reduction in energy costs.
70. The financial strategy will impact on all residents and has carefully considered the local demand for services whilst also ensuring the budget set is prudent, protects vulnerable people and has capacity to invest. The strategy could have an impact on the following communities;
 - Age
 - Disability

- Gender
- Carers
- Lower income groups

71. This impact can be mitigated by investment targeted to these same communities. The key approaches to achieving savings whilst avoiding impacts on communities of identity include;

- Ensuring that savings are made from back office functions and universal services
- Protecting statutory services and other key services for vulnerable residents
- Increasing community involvement in service redesign and delivery
- Making services self-financing wherever practicable, including external trading
- Maximising the return from externalised service provision
- Redesign of existing services and external contracts
- Placing a focus on prevention and reducing service provision only where this is least impact
- Streamlining services to provide focussed support and reduce areas of duplication
- Supporting carers
- Integrated working with health
- Focussing growth where it is expected to have a positive effect on older or disabled people and their carers

Specialist Implications

72. This report has the following implications;

Financial

73. The financial implications are contained within the body of the report. Due to the continued, significant uncertainty in both national and local government finances and the resulting increase in risk, a specific £1m COVID contingency is included within the budget proposals to mitigate this risk and ensure the proposals outlined deliver a robust, balanced budget. This is also covered in the risk management section of this report.

Human Resources (HR)

74. The savings proposals contained within the overall budget will require the reduction of some posts in 2022/23.

75. As implementation plans to achieve these post reductions are produced the specific staffing implications will be clear and staff consulted on the proposals. The type of change affecting staff in 2022/23 is likely to be a mixture of post reductions and working for redesigned services.
76. The HR implications of change are managed in accordance with established council procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate compulsory redundancies, such as vacancy controls, flexible working, voluntary redundancy / early retirement and extended redeployment. Where consideration is being given to the transfer of services to another provider TUPE will apply which will protect the terms and conditions of employment of transferring staff.
77. A programme of support for staff who are going through change is in place which will help staff adapt to changes to the way they will need to work or to prepare for a move into a new role.

Legal

78. The contents of this report are for information only at this stage. The legal implications of the budget setting process will be covered in detail in the report to Executive in February.

Risk Management

79. An assessment of risks is completed as part of the annual budget setting exercise and will be reported in the February report to Executive. These risks are managed effectively through regular reporting and corrective action being taken where necessary and appropriate.
80. The budget proposals include a Covid contingency sum to allow the Council to respond quickly during the early part of the new financial year and mitigate against any new risks as a result of the changing situation in relation to the pandemic.
81. As the Council's Section 151 Officer, the Chief Finance Officer has a statutory responsibility for ensuring that the Council makes arrangements for the proper administration of its financial affairs. Section 114 of the Local Government Finance Act 1988 requires a report to all Council members to be made by the s151 officer, in consultation with the Monitoring Officer, if there is or is likely to be an unbalanced budget.

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**Report
Approved**

Date 30/11/21

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the authors of the report

Background Papers:

Budget Consultation and Report on the Citizen's Panel Trial available at www.yorkopendata.org

Annexes:

- 1 – 2022/23 Savings Proposals for Policy Strategy and Partnerships, and Finance and Performance portfolios
- 2 – 2022/23 Growth Proposals for Policy Strategy and Partnerships, and Finance and Performance portfolios
- 3 – Consultation feedback received to date
- 4 - Capital Strategy 2022/23 to 2026/27 – Details of schemes for Policy Strategy and Partnerships, and Finance and Performance portfolios

Annex 1 2022/23 Savings Proposals for Policy, Strategy & Partnerships, Finance & Performance

Ref	Portfolio	Proposal Description	2022/23 Impact £000	2023/24 Impact £000	Total Saving Impact £'000
F&P1	Finance & Performance	Business Support & Payroll The saving will be delivered by an efficiency review the structure, following a supervisory level restructure that took place in 2021/22.	225		225
F&P2	Finance & Performance	ICT The saving will be achieved from renegotiated contracts and services, a reduction in the use of costly legacy systems and also any agreed reduction of ICT services.	200		200
F&P3	Finance & Performance	Printing Review of print activities to reduce printing costs council wide	50		50
F&P4	Finance & Performance	Customers Services Income Additional non-statutory Income generation opportunities; particularly from growth in the use of the in-house funeral celebrant service.	10		10
F&P5	Finance & Performance	Bereavement Services Additional income anticipated from below inflationary fee increase	50		50
F&P6	Finance & Performance	Registrars Additional income anticipated from below inflationary fee increase	10		10
F&P7	Finance & Performance	Financial Inclusion Steering Group The FISG Budget has been increased from £100k to £150k using the Covid Recovery Grant, and therefore, this saving can be taken without any loss of service.	50		50
F&P8	Finance & Performance	Administrative Accommodation Review of administrative accommodation in light of reducing workforce and more agile working patterns leading to reduced need for desk space.	375		375
F&P9	Finance & Performance	Treasury Management Review of MRP policy	2,000		2,000
F&P10	Finance & Performance	Finance & Procurement A review of the capital programme finance support will be completed to enable appropriate costs to be recharged in future years.	50		50
F&P11	Finance & Performance	Business Intelligence Continuing the consolidation of statutory data and reporting activity across the organisation as well as: • Increased income from external sources; • Automation of existing processes allowing staff reduction; • Using Innovation grant funding;	96		96
F&P12	Finance & Performance	Internal Audit Reduction in the fee paid to Veritau; additional income target from teckal company.	20		20
F&P13	Finance & Performance	HR Grade 10-12 reductions from vacant posts in the structure.	45		45
F&P14	Finance & Performance	Training Further reduction in the consolidated training budget, moving more training online.	30		30
F&P15	Finance & Performance	Health & Safety A review of the shared service agreement with NYCC has been undertaken and as a result CYC can negotiate a reduced contribution to the Shared Service. This represents an annual efficiency saving as a proportion of the whole shared service	8		8
PSP1	Policy, Strategy & Partnerships	Corporate Policy. Strategy & Partnerships Reduction of establishment by a vacant G8 post	28		28
PSP2	Policy, Strategy & Partnerships	Legal Services Savings will be delivered from staffing efficiencies and reduced external legal fees	15		15
PSP3	Policy, Strategy & Partnerships	Democratic Services Increase further use of online agendas and papers for Member meetings	10		10

Total Savings	3,272	0	3,272
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Annex 2 - Growth Proposals 2022/23 for Policy Strategy & Partnerships, Finance & Performance

Portfolio	Council Priority	Growth Proposal	2022/23 £000
Pay and Prices Growth			
Policy, Strategy & Partnerships	An open and effective Council	Prices contingency to cover pay award	154
Finance & Performance	An open and effective Council	Prices contingency to cover pay award, contractual price increases across Corporate Services contracts, mainly in ICT and Insurance	1,214
Unavoidable Budgetary Pressures Growth			
Finance & Performance	A better start for Children & Young People	Reduction in School Improvement and Monitoring central government grant	631
Finance & Performance	Creating homes and world class infrastructure	To fund prior years increase to the capital programme, including Housing Delivery Programme, York Central, Castle Gateway, Highways investment, vehicle replacement, The Guildhall and other crucial major projects.	1,600
TOTAL Recurring Growth			3,599

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City of York Council

Budget Consultation 2022/23

Interim Results

Nov 2021

The online Budget Consultation 2022/23 opened on 18/10/2021 and closes on 8/12/2021. Additionally, a paper version of the survey was sent to households inside the CYC Our City publication, also with a closing date of 8/12/2021.

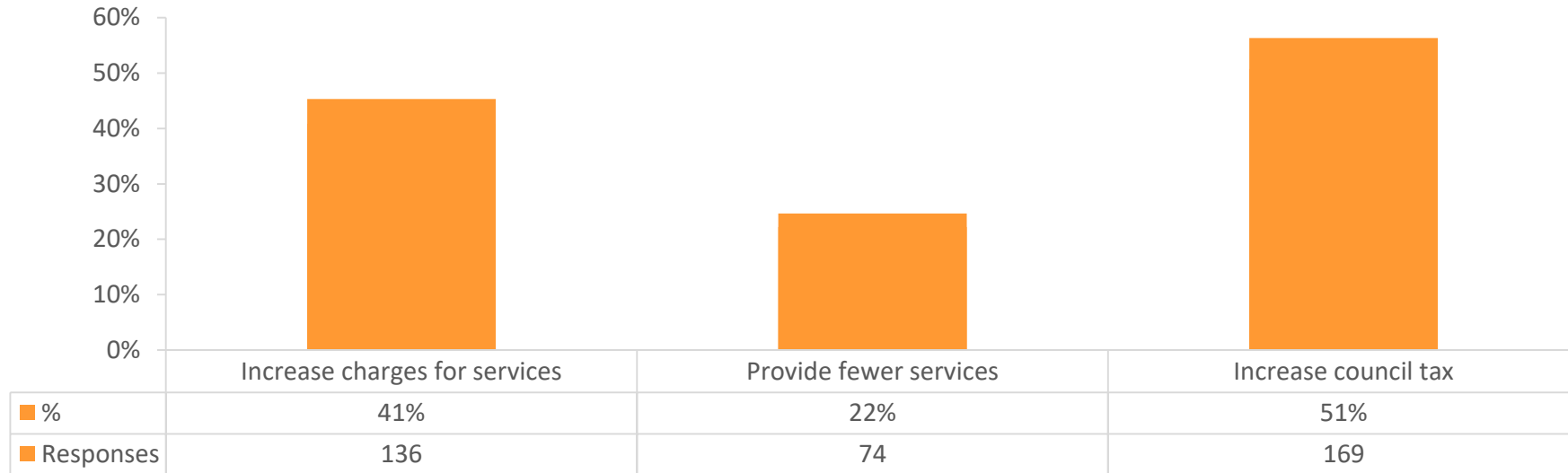
The consultation gives residents and businesses of York the opportunity to put forward their views to help the council make decisions and deliver the budget for 2022/23.

This is an interim report to present the results up to and including 30 November. At this point a total of 358 residents and businesses had participated in the consultation. 270 respondents completed the survey online and 88 had returned a paper copy. Following the survey closure a final report will be written on 9 December.

The consultation results and the raw data will be made available on the council open data platform www.yorkopendata.org.

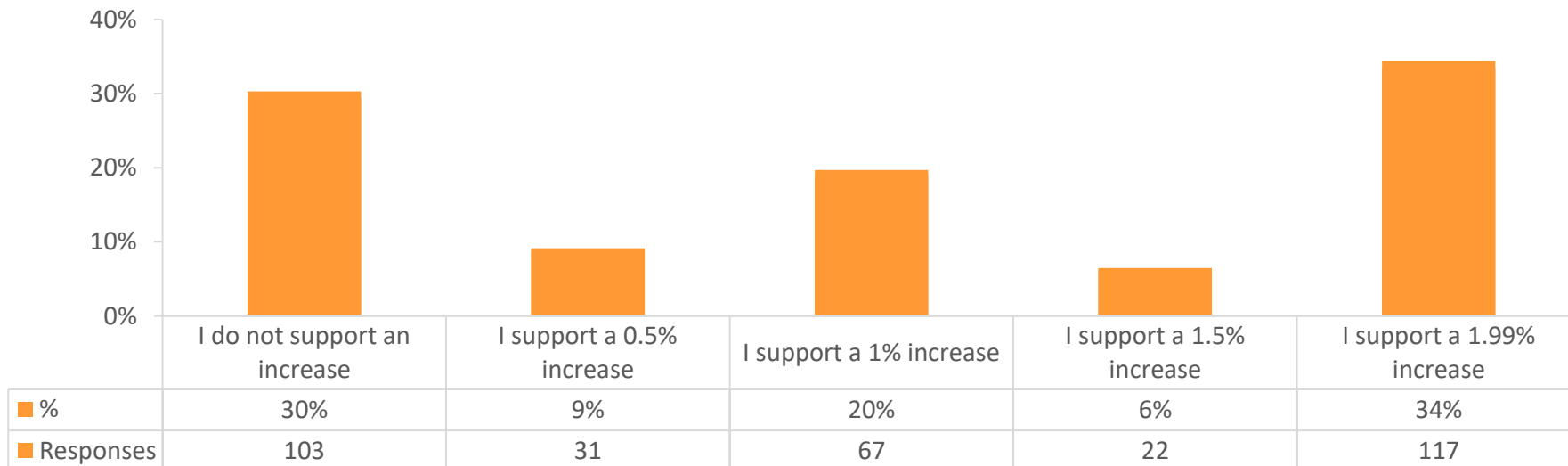
Council Tax

To accelerate recovery and balance the budget, would you rather we; Please select all that apply



(n=333)

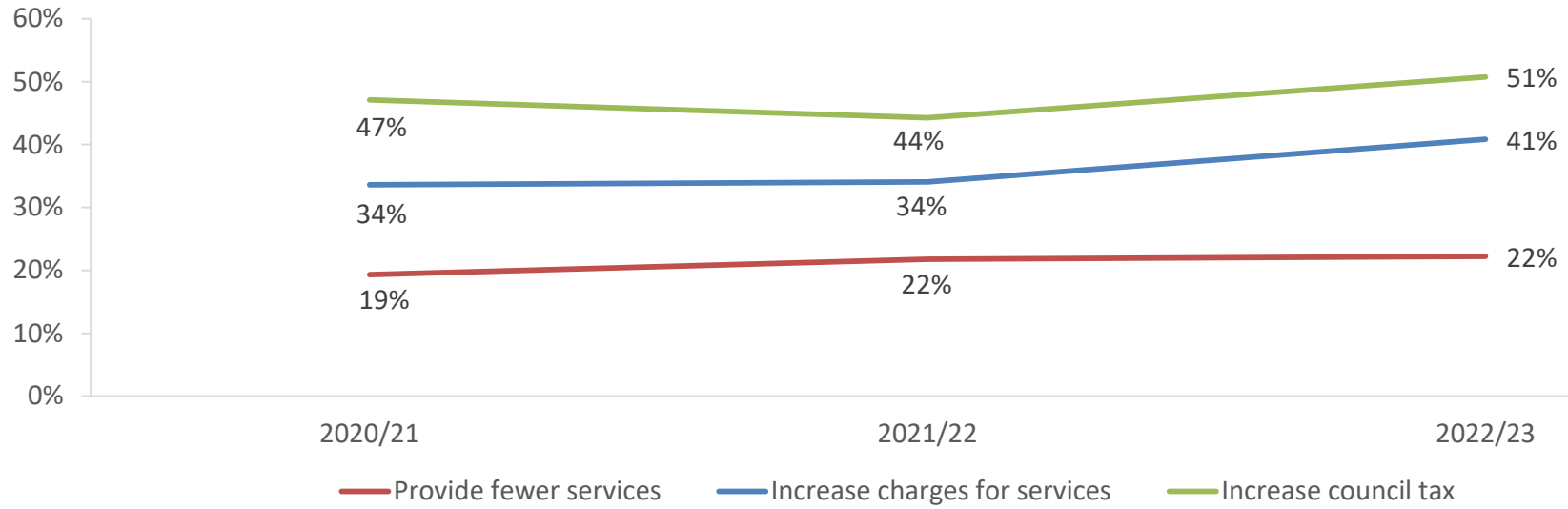
Do you support an increase in council tax to balance the budget and if so by how much?



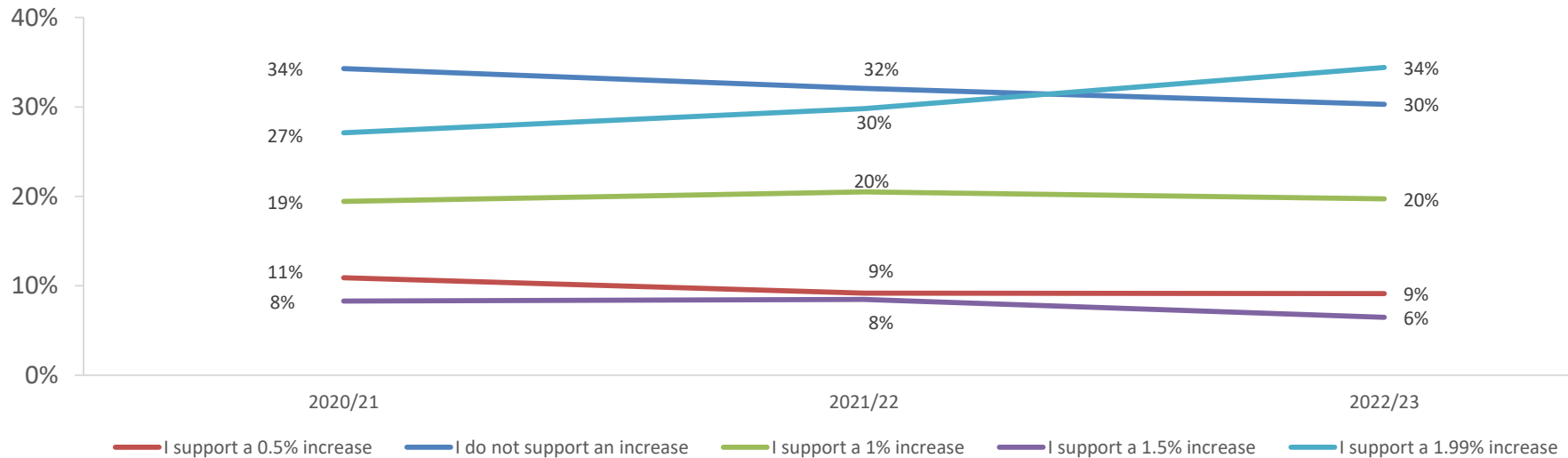
(n=340)

Council Tax - Three year trend

To accelerate recovery and balance the budget, would you rather we; Please select all that apply

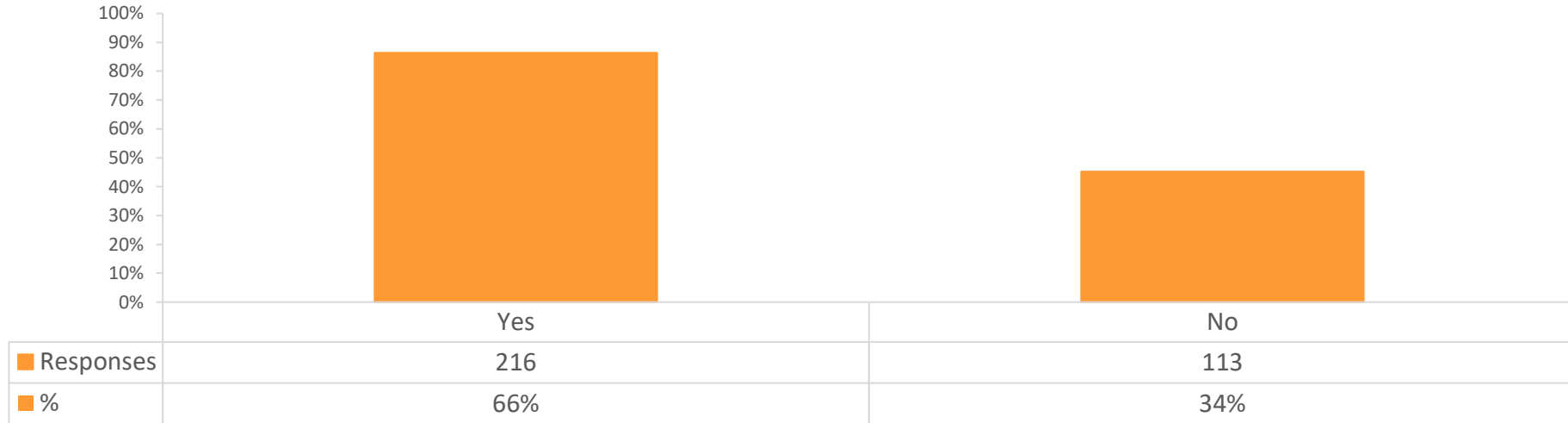


Do you support an increase in council tax to balance the budget and if so by how much?

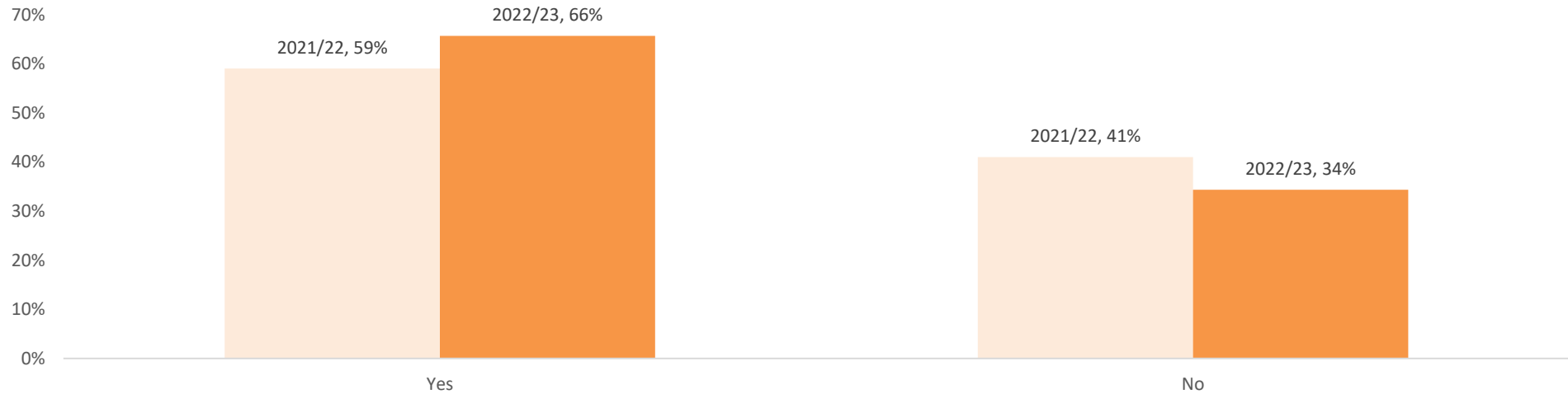


Social Care Precept

Do you support taking the full social care precept of 3%?



Previous responses compared to current responses



Budget Priorities

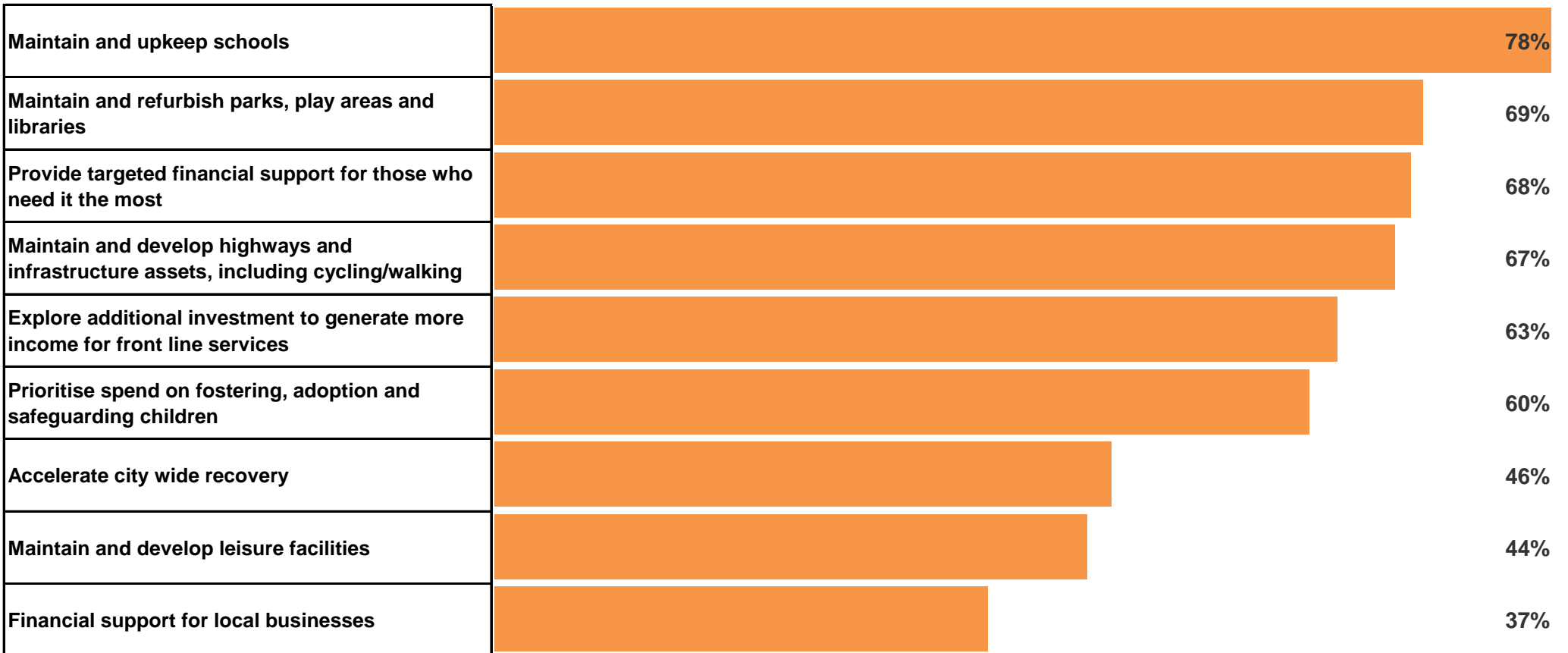
Do you agree or disagree that we should prioritise:

	Disagree	Disagree (%)	Agree	Agree (%)	Neither	Neither (%)
Accelerate city wide recovery	54	16%	151	46%	125	38%
Financial support for local businesses	95	29%	120	37%	113	34%
Provide targeted financial support for those who need it the most	38	11%	227	68%	69	21%
Maintain and develop highways and infrastructure assets, including cycling/walking	42	13%	223	67%	69	21%
Maintain and refurbish parks, play areas and libraries	32	10%	230	69%	72	22%
Maintain and develop leisure facilities	59	18%	145	44%	126	38%
Maintain and upkeep schools	20	6%	261	78%	52	16%
Explore additional investment to generate more income for front line services	53	16%	207	63%	71	21%
Prioritise spend on fostering, adoption and safeguarding children	42	13%	200	60%	89	27%

Budget Priorities

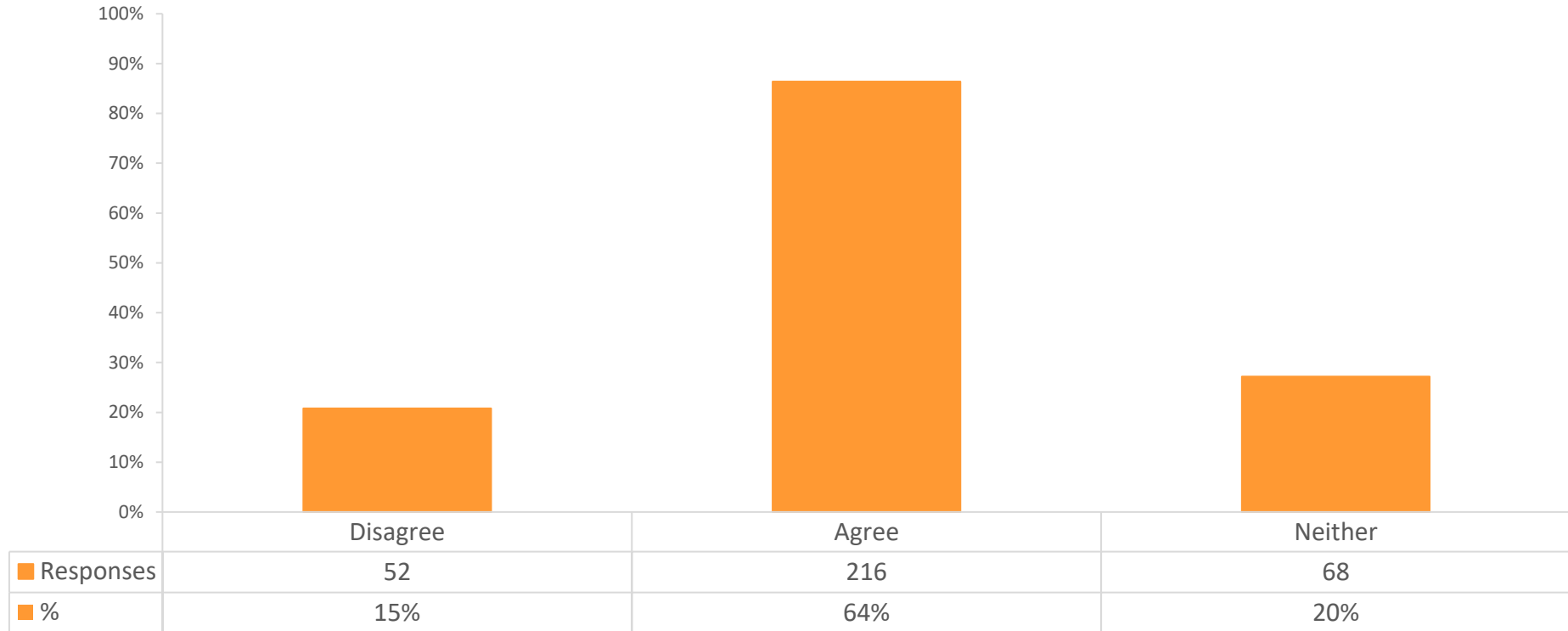
Areas respondents agree should be prioritised

Priorities remain in a similar order to the previous survey with schools at the top and financial support for businesses at the bottom. Maintain and refurbish parks, play areas and libraries has moved up the list with 17% more agreeing this is a priority from last year.



Public Health and recovery from the pandemic

Do you agree or disagree that we should continue to prioritise spending on public health and recovery from the pandemic?



(n=336)

75% agreed the council should prioritise the public health response to the pandemic, including support for mental health in the previous survey.

Overall response to survey by ward (please note that ward data was only collected from online responses)

Ward	Responses	Responses (%)
Acomb Ward	12	3%
Bishopthorpe Ward	6	2%
Clifton Ward	14	4%
Copmanthorpe Ward	10	3%
Dringhouses & Woodthorpe Ward	13	4%
Fishergate Ward	10	3%
Fulford & Heslington Ward	4	1%
Guildhall Ward	14	4%
Haxby & Wigginton Ward	15	4%
Heworth Ward	14	4%
Heworth Without Ward	4	1%
Holgate Ward	13	4%
Hull Road Ward	9	3%
Huntington & New Earswick Ward	10	3%
Micklegate Ward	26	7%
Osbalwick & Derwent Ward	14	4%
Rawcliffe & Clifton Without Ward	10	3%
Rural West York Ward	13	4%
Strensall Ward	9	3%
Westfield Ward	8	2%
Wheldrake Ward	5	1%
Unknown	125	35%
Total	358	

Results can be split by ward but due to low numbers may not be statistically significant

Demographics

Age

Answer choices	Responses	Percentage of total response
Prefer not to say	23	10%
Under 16	0	0%
16-24	2	1%
25-39	37	15%
40-55	52	22%
56-59	20	8%
60-64	23	10%
65+	82	34%
Total	239	

Carer

Answer Choices	Responses	Percentage of total response
Prefer not to say	23	10%
Yes	27	11%
No	188	79%
Total	238	

Do you have any physical or mental health conditions or illnesses lasting or expected to last 12 months or more?

Answer choices	Responses	Percentage of total response
Prefer not to say	29	12%
Yes	42	18%
No	169	70%
Total	240	

Gender

Answer choices	Responses	Percentage of total response
Prefer not to say	28	12%
Male	116	49%
Female	94	39%
Gender variant / Non binary	1	0%
Total	239	

Served in the Armed Forces

Answer Choices	Responses	Percentage of total response
Prefer not to say	17	7%
Yes	19	8%
No	202	85%
Total	238	

Do any of your conditions or illnesses reduce your ability to carry out day-to-day activities?

Answer choices	Responses	Percentage of total response
A lot	11	18%
A little	23	38%
Not at all	26	43%
Total	60	

*Please note that demographic questions were only included on the online form

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Annex 4

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total Capital Programme 2021/22-2025/26
	£000	£000	£000	£000	£000	£000	£000
York Central Infrastructure	4,136	300	38,476	0	0		42,912
Guildhall	7,791	0	0	0	0		7,791
Castle Gateway (Picadilly Regeneration)	2,828	0	0	0	0		2,828
Asset Maintenance + Critical H&S Repairs	356	250	250	250	250	250	1,606
Holgate Park Land – York Central Land and C	397	0	0	0	0		397
29 Castlegate	270	0	0	0	0		270
Commercial Property Acquisition incl Swinega	196	0	0	0	0		196
Community Asset Transfer	175	0	0	0	0		175
York Central	75	0	0	0	0		75
Shambles Health & Safety	16	0	0	0	0		16
Community Stadium	2,066	0	0	0	0		2,066
Crematorium Waiting Room	242	0	0	0	0		242
Removal of Asbestos	137	100	0	0	0		237
West Offices - Major repairs	237	0	0	0	0		237
Hazel Court welfare facilities	96	0	0	0	0		96
Photovoltaic Energy Programme	94	0	0	0	0		94
Fire Safety Regulations - Adaptations	27	50	0	0	0		77
Registry office Phase 2 Refurbishment	73	0	0	0	0		73
Mansion House Restoration	24	0	0	0	0		24
Replacement of 2 Cremators	16	0	0	0	0		16
IT Development plan*	2,475	2,920	2,820	2,820	3,170	2,820	17,025
IT Superconnected Cities	0	120	0	0	0		120
Project Support Fund	407	400	200	200	200	200	1,607
Covid Recovery Fund	1,000	0	0	0	0		1,000
Capital Contingency	802	200	0	0	0		1,002

* Breakdown of IT growth per year (added to existing budget)

0 850 750 750 250 2,820

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