

Report of the Deputy Chief Executive / Director of Customer & Corporate Services

Portfolio of the Executive Member for Finance and Performance

Finance and Performance Outturn 2019-20

Summary

- 1 This report provides a year end analysis of the overall finance and performance position. This is the final report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
- 2 Some key achievements include securing funding to transform the front of the railway station and investment was also made to enable local bus companies to make their vehicles more environmentally friendly by retrofitting their vehicles with cleaner exhausts to support our Zero Carbon ambitions.
- 3 In addition, the work of the Local Area Coordinator (LAC) and Social Prescribing programme continue to be at the forefront of national policy development in connecting people to local solutions and activities. Along with the CCG we supported York Mind with match funding to make a successful bid to the Department of Health and Social Care to expand the roll out of their Arts Award Programme which supports mental health and wellbeing. New community involvement posts have been created, including one focussed on working with minority groups.
- 4 Whilst the year end position is positive, there remain considerable financial challenges looking ahead into 2020/21 and beyond. The financial impact of COVID-19, alongside the delivery of £4m of budget savings outlined in the February 2020 budget council report, as well as dealing with underlying issues experienced during 2019/20, will again require careful monitoring.
- 5 The council's overall financial health provides a strong platform upon which to meet these financial challenges and good progress has been made with the achievement of savings in the year. Whilst some areas

have experienced slight delays, as set out in the report, overall progress is good and areas of delay have generally been mitigated by other savings in relevant areas.

- 6 The 2020/21 budget agreed in February 2020 provided for significant growth in adults and children's services budgets and made proper provision for all known cost increases. This, combined with a track record of effective budget management, gives confidence in the council's future financial stability. This financial stability allows the council to invest in key priority areas.

Recommendations

- 7 The Executive is asked to:

- 1) Note the year end underspend of £128k.
- 2) Note the finance and performance information
- 3) Note the use of Brexit funding as outlined in paragraphs 13-14

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

Financial Summary

- 8 The council's net General Fund budget for 2019/20 was £123m and the provisional outturn position is a net underspend of £128k.
- 9 This position is consistent with previous years where expenditure has been within the overall approved budget. It is also consistent with the reports during the year which, whilst highlighting a number of pressures, have also set out the clear expectation that expenditure would be within budget.
- 10 During February the city experienced flooding as a result of Storm Dennis, when river levels rose to over 4m above normal levels. This resulted in additional costs and some loss of parking income during the final quarter of the year.
- 11 The COVID-19 pandemic began during the last few weeks of the 2019/20 financial year and at the end of March the Council received a first tranche of Government funding support for COVID-19 expenditure and used £184k of this funding to support expenditure incurred in the year. Whilst the pandemic did not materially impact on the overall 2019/20 outturn position, it will have a significant impact on the Council's finances in

2020/21 and possibly for a number of years to come. The worst case estimate of the budget gap could be in the region of £23m.

- 12 An overview of the outturn, on a directorate by directorate basis, is outlined in Table 1 below and the key variances are summarised in Annex 1.

2018/19 outturn		2019/20 budget	2019/20 Monitor 3	2019/20 Draft Outturn
£'000		£'000	£'000	£'000
+896	Children, Education & Communities	25,252	+1,594	+1,560
-282	Economy & Place	18,956	-615	-351
-428	Customer & Corporate Services	20,261	-664	-672
+946	Health, Housing & Adult Social Care	49,981	+3,633	+3,612
-1,285	Central budgets	8,922	-1,143	-2,355
-153	Sub Total	123,372	+2,805	+1,794
-648	Contingency		-500	-500
				-1,422
-801	Total	123,372	+2,305	-128

Table 1: Finance overview

Reserves and Contingency

- 13 The February 2019 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.4m (equating to 5% of the net budget). At the beginning of 2019/20 the reserve stood at £7.4m and, as part of the budget report, approval was given to maintain this level of reserve in 2019/20 thus giving some headroom above the minimum level to take account of the continued risks facing the council, in particular the scale of future reductions on top of those already made. In addition, the budget report outlined significant risks associated with major capital projects, reduction in New Homes Bonus and health budgets. The report also contained a strong recommendation that revenue reserves should be increased over the next couple of years, in recognition of the current risks the council faces.

- 14 On the general contingency, the Executive was advised within the Monitor 3 report that there remained an unallocated balance of £500k and that it was being assumed this remaining balance may be needed to support some of the general pressures outlined in the Monitor 3 report. This has been necessary and therefore the contingency has been used to fund expenditure in 2019/20.
- 15 A review of reserves has been completed in line with the CIPFA financial code. This review has identified £1.4m of available reserves as follows:
- £184k from the COVID-19 support grant to match the additional costs incurred during 2019-20
 - £429k from additional pay reserve
 - £500k from pay and pensions reserve
 - £309k from the Lendal Bridge reserve
- 16 These reserves have been identified as having no specific future risks or liabilities held against them and therefore this report proposes that these reserves are released so that they can be used to support statutory services relating to Children and Adults, ensuring the Council maintains safe and improving services in these areas.
- 17 In February 2020 Executive received a report on the financial strategy which contained a section on the adequacy of the council's reserves. The review of reserves has considered any future commitments and the overall balance of risk. It is the view of the s151 officer that these reserves can be released without impacting on the financial sustainability of the council and this is a prudent approach to managing the current financial pressures being faced.
- 18 As part of the Government's Brexit plans it has established the 'EU Settlement Scheme' which is the mechanism by which EU, EEA or Swiss citizens and their families can apply to continue living in the UK. On the current timetable, applications have to be made by 30 June 2021. It was agreed at Executive in August 2019 that Citizens Advice York was best placed in terms of location, experience, organisation ability and level of trust to provide support to York EU residents that might need help and funding of £9k was agreed.
- 19 It is now proposed that a further £9k is allocated to CAY to continue providing this service. In addition, £10k of this funding has been allocated to ensure the chip checking service through registrars is free.

Loans

- 20 Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. There are 2 loans in this category. Both loans are for £1m and made to Yorwaste, a company part owned by the Council. The first was made in June 2012 with a further loan made in June 2017 as agreed by Executive in November 2016. Interest is charged on both loans at 4% plus base rate meaning currently interest of 4.1% is being charged. All repayments are up to date.

Performance – Service Delivery

- 21 The Executive for the Council Plan (2019-23) agreed a core set of indicators to help monitor the council priorities and these have provided the structure for performance updates in previous versions of this report. The indicators have been grouped around the eight outcome areas included in the Council Plan.
- 22 Data and information in this document covers new information from Quarter 4 of 2019-20. There has been a big impact on the normal processes and functions within the Council due to COVID-19 and so some data will be available later in the year and reported in a future Monitor.
- 23 Latest data for each of the strategic indicators in data tables grouped by Council Plan theme, along with brief written updates are presented in Annex 2, where new data has been released since the last Monitor.
- 24 Progress has been made in a number of Council plan areas with examples in Council plan areas being;

Well paid jobs and an inclusive economy

- 25 The Executive Member for Economy and Strategic Planning agreed an outline process to develop an inclusive economic strategy, developed in partnership with residents and with the business community. To support the development of the strategy, a process similar to that used for the MyCastleGateway, MyYorkCentral and MyCityCentre consultations is proposed, building on the methodology used in that work. Beyond the publication of the strategy, those businesses, organisations and communities involved in its development will be invited to join a new Economic Partnership for York.
- 26 The Guildhall redevelopment is in construction with a completion date mid 2021 which will provide flexible modern office space for small businesses.

A Planning application has been submitted for commercial space as part of the Castle Mills scheme. Work has commenced to explore the use of CYC land on York Central to support small businesses, in line with the wider occupier strategy.

Getting around sustainably

- 27 During March 2020, the council welcomed news that at least £14.5 million funding had been secured to transform the front of York station into a fitting gateway to the city. West Yorkshire Combined Authority confirmed that the scheme would be funded from its £317 million allocation from the Transforming Cities Fund. The fund aims to improve journeys by bus, rail and bike whilst supporting Zero Carbon ambitions.
- 28 CYC continues to play an active role in lobbying for improved rail connectivity for York. The Council has regular meetings with the rail industry, Department for Transport and HS2 and is an active participant in Transport for the North, West Yorkshire Combined Authority and East Coast Mainline Authorities group. Provision to re-establish a station in Haxby is contained within the Local Plan and we will work with stakeholders to develop any potential proposal that may come forward in the future.

Good Health and Wellbeing

- 29 CYC is a leading member of the Health and Wellbeing Board. The Board has reaffirmed its commitments to improving the wellbeing of local people. The All Age Learning Disability Strategy was launched by the multi-agency Learning Disability Partnership. Over the coming year, detailed action plans will be developed by four priority working groups. The Mental Health Partnership is leading the city's drive to implement the Trieste Model, enabling people to gain the support they need for their mental health and wellbeing at home, or in the least restrictive environment possible.
- 30 York's Local Area Coordinator (LAC) programme and Social Prescribing programmes continue to be at the forefront of national policy development. The expansion of LAC remains a priority for Adult Social Care reflecting our asset based approach, alongside the expansion of Talking Points. These continue to reduce waiting times for social care referrals and are connecting people to local solutions and activities through the LAC's.

A Better Start for Children and Young People

- 31 CYC and the CCG have supported York Mind with match funding to make a successful bid to the Department of Health and Social Care to expand the roll out of their Arts Award Programme. The project focuses on expansion of provision to a wider age group, expanding the variety of 'life skills' themes into sessions. The purpose is to support the mental health prevention and recovery agendas, and enhance integration between local authority and CAMHS provision.
- 32 A capital programme has been put in place for improving York's play areas including a process for a) carrying out a quality assessment of CYC and local councils' play areas, b) using the assessment to direct investment, and, c) allocating a fund to be used to contribute to larger scale investments in partnership with community groups.

A Greener and Cleaner City

- 33 A study was commissioned in early 2020 to look at the current waste collection methodology and the options for achieving provision of green bins to more houses, kerbside food waste collection and the range of plastics currently recycled.
- 34 In January 2020, ahead of launching a Clean Air Zone, the council awarded over £1.6 million to five bus companies to make their vehicles more environmentally friendly by retrofitting their vehicles with cleaner exhausts to meet the Euro VI emission standard. A total of 93 buses were to be retrofitted or replaced. The grant allocations meant that bus emissions would gradually decrease as the new buses came into service.
- 35 During February 2020 the council prepared to take action to protect the city from flooding due to Storm Dennis. Measures were put in place to protect homes and businesses and to keep the city open. The council deployed over 6,000 sandbags and 200 one-tonne sandbags to help protect the most vulnerable properties and had 25 pumps operating across the city to clear the water. Front line teams were working 24/7 and worked closely with partners including the York and North Yorkshire Local Resilience Forum, which includes police and fire services as well as North Yorkshire Council, the Met Office and the Environment Agency. Following the flooding, crews were focussed on community areas to start the clean up operation.

Creating homes and world-class infrastructure

- 36 The following strategic indicators have seen a positive direction of travel following the release of new data since the Q3 Monitor:
- Net Housing Consents (Annex 2, paragraph 23)
 - Number of new affordable homes delivered in York (Annex 2, paragraph 25)
- 37 An audit of long-term empty homes in York showed that there were fewer than originally understood. Nationally, York had one of the lowest numbers of empty houses of comparable UK cities with long-term empty homes representing 0.6% of the total, which was also the lowest percentage in the North Yorkshire region.
- 38 We are currently working with Leeds City Region Energy Accelerator to model energy efficiency retrofit improvements to a range of archetypes of council housing stock to reach as close as possible to zero carbon. Additional capital in the budget this year is planned to fund a pilot to be used as a basis to roll out to rest of stock.

Safe Communities and culture for all

- 39 In February 2020, Full Council agreed a four-year, £500,000 funding allocation to York Theatre Royal to enable the theatre to be more accessible to visitors with disabilities. The plans include improving the theatre's accessibility, environmental sustainability and financial resilience and improving the theatre's long-term sustainability.
- 40 The Council has invested addition £250k into a Safer Communities fund, alongside additional highways funding to boost ward funding. Walkabouts around wards have been introduced to identify priority projects with the communities. 2 new community involvement posts have been created to add more community development capacity, including one focussed on working with minority groups.
- 41 A new community programme for Castle Gateway has been introduced which seeks to engage new audiences and communities. The Council is also working with the York Cultural Education Partnership to develop a programme of activity to raise the profile and accessibility of the arts and culture offer with schools. This includes out of school activities and the development of a programme of cultural experiences through better connecting the cultural offer with schools.

An open and effective Council

- 42 The following strategic indicator has seen a positive direction of travel following the release of new data since the Q3 Monitor:
- Customer Services Waiting Times – footfall (Annex 2, paragraph 27)
- 43 There have been a number of ways in which residents have been consulted with during the last six months. Recent consultations during Q4 include:
- York Central
 - York Physical Activity and Sport Strategy 2020-2030
 - Age Friendly York Citizen Group
 - My City Centre York – Local people were invited to have their say on the future of York’s city centre to help the council create a long term vision for the city. The vision will guide investment and shape development and improvement projects in York city centre.
- 44 Ongoing work continues with a wide range of major and minor digital projects. Larger projects include the Transport based STEP programme, continued implementation of the Councils Customer Relationship Management System, replacement of Waste Management System and the procurement of the Managed Services ICT Infrastructure contract. User-centric design principles used within our key programmes of work to ensure they are built around the needs of residents.
- 45 All performance data within this document, and approximately 1,000 further datasets, is made available in machine-readable format through the Council’s open data platform at www.yorkopendata.org under the “performance scorecards” section.

Annexes

- 46 Annex 1 shows the quarterly financial summaries for each of the Council directorates.
- 47 Annex 2 shows performance updates covering the core set of strategic indicators which are used to monitor the progress against the Council Plan.

Consultation

- 48 Not applicable.

Options

49 Not applicable.

Council Plan

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

Implications

51 The implications are:

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

Risk Management

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

Contact Details

Authors:	Chief Officer Responsible for the report:		
Debbie Mitchell Head of Corporate Finance & Commercial Procurement (interim s151 officer) Tel: 01904 554161	Ian Floyd Interim Head of Paid Service		
	Report Approved	✓	Date 14 July 2020
Ian Cunningham Head of Business Intelligence Tel: 01904 555749			
Wards Affected: All			✓
For further information please contact the authors of the report			

Annexes

Annex 1: Directorate Financial Summaries

Annex 2: Performance – Council Plan Outcomes

Glossary of Abbreviations used in the report:

CCG	Clinical Commissioning Group	FTE	Full time equivalent
CYC	City of York Council	GCSE	General Certificate of Secondary Education
CIPFA	The Chartered Institute of Public Finance and Accountancy	JSA	Job Seekers Allowance
DHSC	Department for Health and Social Care	LAC	Local Area Co-ordinator
DTOC	Delayed Transfers of Care	NEET	Not in Education, Employment or Training
DWP	Department for Work and Pensions	NHS	National Health Service