

<b>Meeting:</b>	Executive
<b>Meeting date:</b>	14/09/2023
<b>Report of:</b>	Ian Floyd Chief Operating Officer Debbie Mitchell Chief Finance Officer
<b>Portfolio of:</b>	Councillor Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

## 2023/24 Finance and Performance Monitor 1

### Subject of Report

1. This report sets out the projected 2023/24 financial position and the performance position for the period covering 1 April 2023 to 30 June 2023, together with an overview of any emerging issues. This is the first report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. This report outlines the Council's serious financial position with a forecast overspend for 2023/24 of £11.4m. This is a significant overspend that is of serious concern and it is very clear that the Council cannot afford to keep spending at this level. The general reserve is £6.9m and, whilst we have other earmarked reserves that we could call on if required, continued spending at this level would quickly see the Council exhaust its reserves.
3. Given the scale of the forecast overspend, immediate action is needed to bring spending down to an affordable level, both within the current financial year and over the next 4 years, to safeguard the Council's financial resilience and stability.

4. This report outlines the actions we need to take and identifies areas for further work. If we take immediate action and make these difficult decisions now, this will ensure the future financial stability of the Council and that we can continue to provide services for our residents. It is vital that the mitigations are delivered, and the forecast overspend is reduced.

## **Benefits and Challenges**

5. This report is mainly to note the latest financial projections and current performance. The main challenge is delivering on agreed savings whilst also identifying further reductions in expenditure. The main benefit of approving the recommendations will be the ongoing financial stability of the Council.

## **Policy Basis for Decision**

6. This report is mainly to note the latest financial projections and current performance. The ongoing financial resilience and stability of the Council will be essential to ensuring that Council priorities can continue to be achieved.

## **Financial Strategy Implications**

7. This report sets out the projected financial position and identifies a range of actions that are necessary in order to reduce expenditure, both within the current financial year and over the next 4 years to safeguard the Council's financial resilience and stability.

## **Recommendation and Reasons**

8. Executive is asked to:
  - Note the finance and performance information.
  - Note that management actions have already been implemented to exercise budget management but that further controls are now needed.
  - Note that there will be a negative impact on the Council's medium term financial position should the proposed mitigations not be delivered.
  - Note that further work and savings will be needed to fully mitigate the forecast overspend.

- Note that further work will be undertaken to explore the potential for generating income through provision of some non-statutory services such as green waste collection.
- Approve officers to take the actions needed to manage the financial position as outlined in paragraphs 14 and 15.
- Approve increase in car parking charges by 10p per hour as set out in paragraphs 81 and 82 to be implemented as soon as practicably possible. The Corporate Director of Place will liaise with the Executive Member for Economy & Transport to determine the exact date.
- Approve a further extension to March 2025 for the letter of credit to York Museums Trust as outlined in paragraphs 26 to 28.
- Note the potential requirement for match funding in respect of the YMT grant bid as set out in paragraph 29.
- Confirm that the officer decision around ward funding allocations is implemented as planned (see paragraphs 30 to 31).

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

## **Background**

### **Financial Summary and Mitigation Strategy**

9. The current forecast is that there will be an overspend of £11.4m. This is despite action being taken by managers across the Council to try and reduce expenditure. If the Council continues to spend at the current level, and no action is taken, then we will continue to overspend and will exhaust our reserves and any other available funding. The current level of expenditure is unaffordable and therefore we must take immediate action to reduce expenditure.
10. As outlined in reports to Executive throughout the previous financial year, we have continued to see recurring overspends across both Adult and Children's Social Care. However, the underspends and mitigations that have allowed us to balance the budget at year end have generally been one off. Whilst the use of reserves to fund an overspend is appropriate as a one-off measure, it does not remove the need to identify ongoing savings to ensure the overall position is balanced. The budget report considered by Executive in February 2023 also included an assessment of risks associated with the

budget, which included the need to secure further savings and effectively manage cost pressures.

11. Members will be aware that the financial position of local government is a national challenge and that the pressures being seen across both Adult and Children's Social Care are not something that is unique to York. Many Councils are experiencing significant financial pressures and struggling to balance their budgets now, so it is vital that we take immediate action to reduce our expenditure down to a sustainable level both within the current financial year and over the medium term. Taking decisive action now will safeguard the Council's financial resilience and stability and prevent York being in a position where it is unable to balance its budget in future years. This means that, in addition to the actions proposed in this report, there will be a need to continue to identify further mitigations and savings for future years.
12. A series of mitigations and cost control measures are already in place to reduce the forecast overspend but further measures need to be implemented. Given the scale of the financial challenge, and the expected impact on budgets in future years, it is vital that every effort is made to balance the overall position. It is recognised that this will require difficult decisions to be made to protect services for vulnerable residents.
13. Corporate control measures are being implemented but they will not deliver the scale of reduction needed within the year. Other savings proposals, including service reductions, will also be needed.
14. The following measures will therefore be implemented with immediate effect.
  - Increase car parking charges by 10p per hour as outlined in paragraphs 81 to 82.
  - A freeze on recruitment, agency, and overtime wherever possible and safe to do so. Some exceptions are in place for waste, social care, income generating posts and health and safety matters. This will impact on service delivery in a variety of ways, depending on where the vacancies arise. Corporate Directors will monitor the position in their own directorates and highlight any risks as appropriate.
  - Introduce an officer procurement challenge panel to review all procurements, ensuring that they look to reduce costs and review service levels with an expectation that savings are delivered from contracts. This will include not reprocurring

non statutory contracts where it is considered possible and safe to do so.

- Identify alternative funding sources for the remaining one off items, totalling £650k, that are due to be funded from the Venture Fund and Business Rates Pool to allow this funding to instead offset the forecast overspend.

15. Further work will also be done to consider whether savings can be realised from a range of other areas. This work will start now, and any options considered in a future report to Executive or an Executive Member Decision Session as appropriate.

- Explore the potential for generating income through provision of some non-statutory services such as green waste collection.
- Review the current capital programme to identify any schemes that can be delayed so that we can also defer borrowing costs to generate a revenue saving in year. This review will also consider whether schemes not yet started should progress and will include a review of ICT expenditure to identify any work that can be reduced or delayed.
- Consider a reduction in expenditure on highways maintenance.
- Consider further reductions in ward funding.
- Review all grant payments to Community & Voluntary sector to identify any areas that could be reduced.
- Review all fees and charges to identify where in year increases could be implemented.
- Review a range of existing contracts and service levels to identify any that can be reduced.

16. Garden waste collection and disposal is a non-statutory service that Councils can charge for and, whilst the service is valued by residents who produce green waste, it is not essential. Green waste collection in York is not universal, many homes do not receive the service. There is an opportunity, taken by many Councils, to introduce a charge for the service. There is the free option, available to all residents who produce green waste from their gardens to home compost. Compost can be re used on the garden which is also the most sustainable use of organic material in the home. As part of this work the Council will explore how those who do not subscribe to a green waste collection can be supported to compost more at home.

17. It is therefore recommended that the Council explores the potential to introduce a green waste charging in a similar scheme to the one that now covers the whole of North Yorkshire. The service in North Yorkshire currently costs £43.50 per annum for a fortnightly collection. Should York introduce such a charge, revenues of between £720k and £1.5m per annum could be raised depending on the level of take up of the service (assumes 25%-55%). There would also be potential operational savings should take up be at the lower level of the range. A future report to Executive will detail plans, costs, and potential income to inform budget planning for the 2023/24 financial year.
18. Alongside these actions, officers will continue to carefully monitor spend, identify further mitigation, and review reserves and other funding to make every effort to reduce this forecast position. However, it is possible that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £6.9m of general reserves that would need to be called on if this were the case. As outlined in previous reports, any use of the general reserve would require additional savings to be made in the following year to replenish the reserve and ensure it remains at the recommended minimum level.
19. It must be a clear priority for all officers to focus on the delivery of savings plans during the year. Corporate Directors and Directors will keep Executive Members informed of progress on a regular basis.

## **Financial Analysis**

20. The Council's net budget is £141m. Following on from previous years, the challenge of delivering savings continues with c£6m to be achieved to reach a balanced budget. Early forecasts indicate the Council is facing net financial pressures of £11m and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget	2022/23 Gross Forecast Variation	Mitigation	2022/23 Revised Forecast Variation after mitigation
	£'000	£'000	£'000	£'000
Children & Education	25,083	5,074	-500	4,574
Adult Social Care & Integration	45,329	6,835	-3,000	3,835
Place	22,605	-1,118	-140	-1,258
Customers & Communities, Public Health & Corporate Services	26,437	1,601	-1,000	601
Central budgets	22,670	-1,000		-1,000
Sub Total		11,392	-4,640	6,752
Contingency	-500		-500	-500
Use of earmarked reserves			-4,250	-4,250
Target for further mitigation			-2,002	-2,002
Total including contingency	141,624	11,392	11,392	nil

Table 1: Finance overview

## Reserves and Contingency

21. The February 2023 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.8m (equating to 5% of the net budget). At the beginning of 2023/24 the reserve stood at £6.9m.
22. Should the mitigation outlined in this report not deliver the required level of savings in the current financial year then this reserve is available to support the year end position. However, in light of the ongoing financial challenges being faced by all Councils it is now

more important than ever to ensure the Council has sufficient reserves. Therefore, should it be the case that we need to draw down a substantial amount from this general reserve in 2023/24, growth will need to be included in the 2024/25 budget to ensure that reserves can be maintained at an appropriate level.

23. In addition to the general reserve of £6.9m there are a range of other earmarked reserves where funds are held for a specific purpose. These reserves are always subject to an annual review and these funds will again be reviewed on a quarterly basis and where appropriate to do so will be released to support the in-year position. Whilst this is a prudent approach that will ensure the financial resilience of the Council it is not a substitute for resolving the underlying overspends but instead allows time to develop future savings proposals in a planned way. There is currently a balance of £31.2m available in earmarked reserves. Following a review, it is considered appropriate that c£4m can be released from a range of areas. This includes the £650k from the Venture Fund referred to in paragraph 14 above and £500k from the Public Health reserve. We will also look at amounts held by fully owned Council companies to ensure that reserves are not being held at a level that is unnecessarily high.
24. As in previous years a contingency budget is in place, and this is currently assumed to be available to offset the pressures outlined in this report.

## **Loans**

25. Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. There is one loan in this category for £1m made to Yorwaste, a company part owned by the Council in June 2012. Interest is charged on both loans at 4% plus base rate therefore interest of 9.25% is currently being charged. All repayments are up to date.
26. In August 2020, Executive approved a letter of guarantee to the York Museums Trust providing them with access to a maximum of £1.95m over the following 2 years, should it be required, to secure the museums as a going concern. Subsequent extensions have been agreed by Executive in June 2021 and June 2022 meaning the current letter expires in March 2024.



27. YMT have requested that the letter of guarantee be further extended by one year to 31 March 2025 as they continue to operate with minimal reserves and need the letter of guarantee extending for their auditors to be able to sign off their accounts as a going concern.
28. The letter of guarantee outlines the Council's commitment to providing YMT with the funds should they be required, up to a reduced amount of £1m, on receipt of evidence that the funds are required (i.e., that reserves, and other income sources have been exhausted). This allows the Trust to demonstrate that they are a going concern, as well as providing the certainty they need to continue to operate.
29. The YMT have also passed the first stage of applying for an Arts Council Museum Estate and Development Fund grant to carry out vital improvements to the Yorkshire Museum roof which, if successful, would secure £4.9m. Should the bid be approved, £490k of match funding will need to be identified. The outcome of the bidding process will not be known until March 2024 and therefore consideration of any match funding will be reviewed as part of the annual budget setting process.

## Other

30. At Full Council on 20th July 2023 the report of the Executive Member for Finance, Performance, Major Projects & Equalities outlined an amendment to the budget and specifically a new approach to allocating ward funding (available here [Annex - Ward Budgets 2023-27.pdf \(york.gov.uk\)](#)). Officers then proceeded to enact that decision reflected in an officer report and decision available here [Decision - Approval to implement a revised ward budget scheme as approved at full Council on 20th July 2023 \(york.gov.uk\)](#)
31. The decision reflects that a standard amount of the funding is still applied on a per councillor basis, but a proportion is allocated using the Indices of Multiple Deprivation, including a weighting which reflected the population of each ward. Members are asked to confirm that the allocation is made as per the decisions referred to in paragraph 30 above.

## Directorate Analysis

### Children and Education

32. The forecast directorate outturn position is an overspend totalling £5,074k and the table below summarises the latest forecasts by service area.

	2023/24 Budget	Forecast Outturn Variance  £'000	Forecast Outturn Variance  %
Children's Safeguarding	21,309	+4,291	+20.3
Education & Skills	14,624	+782	+5.3
School Funding & Assets	-7,642	-5	0
Director of C&E & Central Budgets	-3,208	+6	-0.1
Total Children & Education	25,083	+5,074	+20.2

<b>Mitigations to reduce forecast overspend</b>	
Direct Payments Review	-200
Removal of budget contingency held within service	-100
Use of unallocated budget growth	-50
Grant income received in excess of amounts accrued	-150

Revised position	4,574
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33. There has been significant progress made in reviewing and reducing the expenditure across Children & Education, with a substantial reduction in the use of agency staff and the cost of placements. This is extremely positive and is against the national trend of ever increasing overspends in Children's Services. However, costs are increasing due to inflation, an increase in safeguarding activity reflecting greater complexity of needs and the challenges of a dysfunctional children's social care market.
34. As previously reported, the number of Children Looked After (CLA) in York has consistently been at a higher level than the budget was built to accommodate. The number at the beginning of the financial year was 267, at the end of June it was 262. Placement budgets are predicted to be overspent by a total of £2,608k, which is a significant improvement from the 2023/23 outturn which was £5,651k overspent. However, the pressure on this budget continues and is partly due to the limited market for children's placements and the statutory requirements placed on local authorities to meet children's needs, coupled with inflationary pressures which could worsen the position.
35. In addition, there is a predicted overspend in the Corporate Parenting Staffing Teams of £317k as the staffing budgets make no provision for the extra costs of agency staff.
36. Safeguarding Interventions is predicted to overspend by 165k due to a higher number of cases and the use of some agency staff to cover vacancies. In addition, legal fees are predicted to overspend by £218k.
37. An overspend in Disabled Children's Services of £542k is mainly overspends on direct payments. A specific project for direct payments is being investigated, which will clawback some of previous payments made and reduce ongoing costs.
38. Home to School Transport shows a forecast overspend of £775k. This continuing overspend is due to an increase in numbers for post 16/19 plus the provision of more specialist education provision locally. This is a much more cost-effective alternative to expensive out-of-city provision but has a consequent effect on this budget as we have had to provide more transport to establishments such as York College,

Askham Bryan, Choose 2 and Blueberry Academy. The change in legislation to allow EHCPs up to the age of 25, resulting in significantly more students accessing this option, has also significantly increased our transport spend.

39. The Dedicated Schools Grant (DSG) is currently projected to be on track to meet the targets set out in the Safety Valve recovery plan agreed with the DfE.
40. The main pressure continues to be experienced within the High Needs Block and is due to the continuing increase in High Needs numbers, and increasing complexity, requiring expensive provision, especially in Post 16 and Post 19 provision and the education element of Out of Authority placements.
41. The brought forward balance on the DSG as at 1 April 2022 was a deficit of £5,843k, following the first payment of additional funding under the Safety Valve agreement in March 2022. The net position in 2022/23 would have been an overspend of £1,380k, however a further £4,500k of additional DSG was paid during the year as the LA successfully met the targets set out in year one of the agreed management plan. The result is a revised cumulative deficit of £2,723k to carry forward to 2023/24.
42. The Safety Valve agreement commits the local authority to bring the DSG into an in-year balanced position by 2025/26. Further payments are conditional on the local authority meeting the targets set out in the Management Plan, and reporting quarterly to the DfE on progress, with the eventual aim of eliminating the in-year deficit by the target date, with additional payments by the DfE eliminating the historic deficit at that point.

### Adults

43. The projected outturn position for Adult Social Care is an overspend of £6,835k and the table below summarises the latest forecasts by service area. This projection is based on customer numbers and costs in the first two months of the year. The projection assumes that £1,832k of previously agreed savings will be made by the end of the year.

	2023/24 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Direct Payments	4,813	1,212	25.1
Home and Day Support	1,234	2,442	197.9
Supported Living	14,527	750	5.1
Residential care	13,639	1,172	8.6
Nursing care	4,905	575	11.7
Short term placements	1,228	218	17.7
Staffing (mostly social work staff)	7,261	363	5
Contracts and Commissioning	2,341	-25	-1
In House Services	4,817	-22	-0.5
Be Independent & Equipment	929	49	5.3
Other	-10,318	51	0.5
Recharges	-47	50	106.4
<b>Total Adult Social Care</b>	<b>45,329</b>	<b>6,835</b>	<b>15.1</b>

<b>Mitigations to reduce forecast overspend</b>	
Use of Market Sustainability and Improvement Fund for price pressures	-800
Recover all unused Direct Payments	-750
Stop any non-statutory activity	-500
Impact of introducing residential and nursing framework for providers	-500

Review of high-cost packages and Supported Living Schemes	-450
Revised position	3,835

44. A number of factors have come together to make an extremely challenging operating environment for adult social care.
45. Most services that deliver care are commissioned by CYC from the independent sector where the cost of providing care has been increasing through inflation, for example in workforce and utilities costs. Partners such as the NHS are also under pressure meaning there is increased pressure on social care to support hospital discharge and to support people with increasingly high needs at home. Austerity, the pandemic and cost of living crisis have meant that more people than ever feel the need to come to the local authority seeking support. Our population is ageing and has the increased additional needs this brings. This is at the same time as increased additional responsibilities around the delivery of high quality, personalised, accessible and affordable support have come through the 'People at the Heart of Care' national strategy and regulatory requirements of the care quality commission, without the necessary additional resource to fund this.
46. In order to manage within budget we will see significant reductions in the price we pay, the numbers of people we provide commissioned services to, the amount of the services which people receive and the type of commissioned service we provide.
47. Introduction of robust and fair provider frameworks to limit the cost while maintaining the quality of residential homes, nursing homes, supported living and home care are being introduced. The introduction of brokerage services to link this provision to the assessment of individual need will ensure that we make best use of such services. We have in place assurance processes to check, challenge and where necessary decline assessments and requests for service. Over the coming months there is a refresh of the practice model to assure good assessments and decision making that requires all personal and community assets and assistive technology is used before services are put in place.
48. The number of people entering residential and nursing care have been declining over recent months due to the introduction of

measures above. However, we have people placed in services in the past at higher rates and in order to deliver budget reductions, we need to see the total numbers of people in these settings reduce and this will happen over time. The completion of the refurbishment of the independent living scheme at Glen Lodge is also key to achieving this.

49. This decrease in the use of residential and nursing care puts additional pressure on use of home care. The numbers of people receiving home care services will also reduce. This will happen through an improved of short reablement services, which requires retendering, a remodelling of the front door, which is planned through the improved practice model, increasing our brokerage capacity to cover all service areas, bringing our communities services closer to adult social care and improvements in the use of assistive technology.
50. The following paragraphs outline the main variations.
51. Be Independent is currently projected to overspend by £144k. There is still a budget gap of £130k which needs to be addressed, together with a historical budget overspend on recharges of £50k. In addition, staffing is expected to overspend by £102k due to an unfunded regrade of some of the posts in the team and to having a review manager post over establishment. There is also expected to be an underachievement on the sales income budget as no further equipment sales are expected to be made (£49k). This is offset by additional income arising from Mediquip moving into the site at James Street.
52. Yorkcraft is projected to overspend by £167k due to an underachievement of income (£106k) offset by an underspend on staff due to vacancies (£23k), and other minor overspends across the service.
53. The Bungalow and Pine Trees are projected to underspend by around £111k in total mainly due to staffing vacancies in both services.
54. Older People permanent residential care is projected to overspend by £759k due to both an increase in both the cost and the number of customers. Nursing Care is projected to overspend by £165k. This is largely due to the less income from health for Continuing Health Care

than expected offset by a reduction in the number of people in nursing care.

55. Physical & Sensory Impairment Community Support is projected to overspend by £821k due to a higher than expected average cost per hour on the framework contracts and the average income from customers being less than in the budget.
56. The Older People Community Support Budget is projected to overspend by £765k. This is due to an increase in homecare provided and an increase in the average cost per hour.
57. The Physical & Sensory Impairment Supported Living schemes budget is expected to overspend by £757k due to an increase in costs.
58. Learning Disabilities Community Support Budget is projected to overspend by £478k, due to the average cost of a homecare placement being £250 per week higher than in the budget and the average cost of a day support placement is £10 per week higher. In addition, the average health income received per customer is £511 a week less than budgeted for.
59. Learning Disabilities direct payments are projected to overspend by £1,081k. This is due to the average weekly health income received per customer being £412pw less than in the budget. In addition, the average direct payment per customer is £115pw more than in the budget and the average transport direct payment per customer is £42pw higher than budget. This is offset by having 9 fewer direct payment support customers.
60. The Residential Learning Disabilities – Working Age budget is projected to overspend by £619k due to the average cost of a placement being £176 a week more than in the budget and there is one less health funded customer. This is offset by having one less customer in residential care compared to the budget.
61. Mental Health Community Support Budget is projected to overspend by £243k, this is due to the average cost of a homecare placement being £110 a week higher than in the budget and the average cost of a day support placement is £36 a week more than budget. In addition, the average amount of health income per customer is £248 a week lower than in the budget - this is largely due to one customer's funding having ended in May 2023.



62. The Mental Health nursing care – over 65 budgets are expected to overspend by £154k, largely due to the average cost per customer being £577 pw and having 2 more customers than budgeted. This is offset by the average amount of s117 funding received per customer being £419 pw more than in the budget. This customer cohort is relatively small and relatively expensive so small changes in numbers can have a significant financial impact.
63. The Mental Health nursing care – working age budgets are expected to overspend by £205k, this is due to the average cost per customer being £1,152 pw more than in the budget. Additionally, the average amount of s117 received per customer is £160 per week less than in the budget.
64. The department acknowledges that the initial position is unsustainable and has come up with the following actions which will mitigate the forecast overspend.
65. The government have allocated further Market Sustainability and Improvement Fund (MSIF) grant, £1.1m for York. Some of it will be invested in staffing but the majority will be used to fund the existing price pressures we face.
66. Direct Payment Customers have unused balances in their accounts that are to be recovered and can be used non recurrently to offset the forecast overspend.
67. We will stop any activity that is not directly meeting customers' assessed needs.
68. We are introducing a framework for our residential and nursing providers which will allow us to access beds at our framework rate. This may mean some customers are moved from their existing placements.
69. There are significant overspends attributable to some high-cost customers, particularly working age Learning Disability (LD) customers in residential care and those with Physical & Sensory Impairment (P&SI) needs in Supported Living. The review will encompass whether the individual is due any income from Health to support their care package.

## Place

70. The forecast directorate outturn position is an underspend totalling £1,118k and the table below summarises the latest forecasts by service area.

	2023/24 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Transport	6,670	-166	-2
Fleet	-237	0	0
Highways	4,633	325	7
Parking Services	-6,728	-1,108	16
Waste	15,155	-1,076	-7
Public Realm	3,298	0	0
Emergency Planning	115	0	0
Planning Services	-134	380	-284
Forward Planning	421	0	0
Public Protection	766	5	1
Community Safety	688	0	0
Asset and Property Management	624	-90	-14
Facilities Management	1,293	552	43
Commercial Property	-4,336	0	0
Regen & Economic Development	406	0	0
Housing Services	-475	60	-13
Management and Support	446	0	0
<b>Place total</b>	<b>22,605</b>	<b>-1,118</b>	<b>-5</b>

<b>Mitigations to reduce forecast overspend</b>	
Increase parking charges by 10p	-70
Reduce use of agency to cover sickness absence in public realm	-60
Do not undertake any winter bedding activity	-10
<b>Revised forecast</b>	<b>-1,258</b>

71. The primary reason for the underspend is continued strong performance from income particularly relating to parking. There are also underspends across waste from recycle sales and lower than forecast waste tonnages. Offsetting these costs are the continued higher than budgeted utility costs across street lighting and Council offices.
72. Car park income to 30th June has remained strong across the city at being £158k (8%) ahead of income to the corresponding date in 2022/23 and £442k (27%) ahead of budget. It is not assumed that this increase will continue throughout the year however it is not unreasonable to assume that income will continue to be above budget. A current assumption of £1.2m ahead of budget is assumed in this forecast. That is offset by additional processing costs and costs across parking services. Income levels are monitored on monthly basis and the forecast will be updated regularly throughout the year.
73. There is a forecast underspend of (£1,076k) across waste disposal and collection. This is from a combination of additional recycling income due to higher than budgeted commodity prices. Income levels are forecast at £350k above budget which, although lower than 2022/23, is higher than budgeted.
74. Across Waste Collection operational costs are estimated at £300k below budget as vehicle repairs and hire are below budget as the fleet is relatively new. Residual waste tonnages across York and North Yorkshire are also lower than forecast which allows capacity within Allerton Park (£200k) to be filled with commercial waste from Yorwaste, providing additional income.

75. Early monitoring indicates a forecast shortfall in planning fees of £300k. This will be monitored closely, and the profile of planning income will be reviewed in light of the impact of the Local Plan.
76. The budget for facilities management assumes full occupation of external partners at West Offices. There remains a void on floor two whilst let is still subject to final completion. This has led to a forecast shortfall of £380k.
77. The energy budgets across Place were increased in 2023/24 to reflect the large increases in gas and electricity prices that occurred in 2022/23. There have however been a further 30% increase in electricity prices in 2023/24 which have led to forecast overspends in Highways (£325k) and Facilities management £175k.
78. The overall directorate forecast assumes that several income budgets, including commercial property and licensing, will outturn on budget. These will require monitoring throughout the year as there are potential pressures across services.
79. Recognising the Council wide forecast position, further mitigation has been identified.
80. As stated in the report there remains strong demand for parking across the city with income levels currently 10% above 2022/23 levels and over 22% above budget. Members could consider further increases in longer stay parking from November 2023 (which would link in with the St Nick's Fayre and run up to Christmas).
81. There are a number of options available to Members should they wish to see an increase in charges, and these can be broadly considered as
  - A flat increase – an increase of 10p or 20p could be added to all hourly charge rates which would increase revenues across the parking estate
  - An increase in the all day rate (over 5 hours) which is currently £16 at standard stay car parks (Marygate, Union Terrace, Monk Bar and St George's Field). This charge is relatively cheap when compared to other cities and alternative providers in the city. Members could increase this to £18/ day or £20 per day
82. The estimated net revenues that could be raised from such increases if demand remains strong and price elasticity is relatively low could be

as follows and would in effect reduce the Council spend on transport services.

	Part Year £'000	Full Year £'000
10p Increase	60	145
£18 All day	20	50
Cost of increase	-10	
	70	195
20p Increase	110	265
£20 All Day	40	100
Cost of increase	-10	
	140	365

83. It is also recommended that across public realm the service ceases covering sickness and absence with agency staff. Members are asked to note that service levels will fall and the time to remove leaves and fly tipping and overflowing bins will at times be beyond Service Level Agreement levels. It is anticipated that this could save up to £60k over the remainder of the year. There is a further option in public realm to not undertake any winter bedding activity which could save up to £10k in the service budget.

#### Corporate, Customers & Communities

84. The forecast outturn position for the remaining areas of the Council is a net overspend of £600k and the table below summarises the latest forecasts by service area.

	Budget £'000	Variance £'000	Variance %
Chief Finance Officer	2,923	-48	-2
HR and Corporate Management	2,545	105	4
Customers & Communities	15,892	1,044	7
Governance	5,063	500	8
Public Health	14	0	0
Total Corporate, Customers & Communities	26,437	1,601	2
Other central budgets and treasury management	22,382	-1,000	4.4

<b>Mitigations to reduce forecast overspend</b>	
Vacancy management and cost control measure across all areas	-1,000
Further review of Treasury Management and borrowing forecasts	
Revised position	601

85. Within Customers and Communities, the most significant pressure arises from the continued pressure across Housing Benefit Overpayments as the move to Universal Credit reduces opportunities

to achieve income from recovering overpayments. Elsewhere there are overspends within business support following the loss of external payroll contracts.

86. Within Governance department there are forecast pressures across legal services income recovery from capital fees and pressures regarding coroner fees.
87. Across all these service areas Managers are being tasked with identifying mitigations that will reduce these pressures. These will include holding vacancies, cash limiting budget areas and striving to maximise income generation. This will be carefully monitored and reported back at future monitoring reports.

### **Performance – Service Delivery**

88. This interim performance report is based upon the strategic indicators included in the Performance Framework for the Council Plan (2019-2023) which was launched in late 2019. Following local elections in May 2023, a new Council Plan (2023-2027) is going through the formal approval stage and for the Q2 2023-24 Finance and Performance Monitor, there will be a new Performance Framework based on the new Council Plan and therefore a new suite of strategic indicators.
89. The Executive for the Council Plan (2019-23) agreed a core set of strategic indicators to help monitor the Council priorities and these provide the structure for performance updates in this report. Some indicators are not measured on a quarterly basis and the DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly.
90. A summary of the strategic indicators that have an improving direction of travel based on the latest, new, available data are shown below and the latest data for all of the core indicator set can be seen in Annex 1.
  - **% of working age population in employment (16-64)** – In Q3 2022-23, 85.5% of the working age population were in employment, which is higher than the national and regional figures (75.6% and 74.6% respectively) and the York performance gives the city a ranking of first regionally. The

figure for Q3 2022-23 in York is higher than seen in previous years.

- **% of adults that are physically active** – The latest data from the Adult Active Lives Survey for the period from mid-November 2021 to mid-November 2022 was published in April 2023. In York, 497 people aged 16 and over took part in the survey, and they reported higher levels of physical activity, and lower levels of physical inactivity, compared with the national and regional averages. Positively:
  - 70% of people in York did more than 150 minutes of physical activity per week compared with 63% nationally and 65% regionally.
  - 20% of people in York did fewer than 30 minutes per week compared with 26% nationally and 23% regionally.
  
- **Net Housing Consents** – Housing approvals between 1st April 2022 and 31st March 2023 totalled 1,559 net additional homes. This total represents a significant increase compared to the previous 12-month monitoring period when just 327 homes were approved and indicates a return to the relatively high annual consent figures experienced prior to 2021-22. Current approvals rates are similar to the levels achieved over the four-year period from 2017-18 to 2020-21. The main features of the consents approved were;
  - 1,303 of all net homes consented (83.6%) were granted on traditional (Use Class C3) housing sites;
  - Notable housing schemes were approved at Land North of Monks Cross (907), Land at Hospital Fields Road (85), Eastfield Lane, Dunnington (83), Cherry Tree House, 218 Fifth Avenue (48) with a further 84 homes approved on sites of 5 or less homes
  - A total of 253 student cluster flats were approved with Mecca Bingo, 68 Fishergate and Alton Cars York Ltd, 3 James Street both gaining approval for 104 student cluster flats
  - At least 192 homes had a resolution to grant planning permission subject to legal agreements prior to 31st March 2023. These are in addition to



the 1,559 homes determined during the monitoring year.

- **Average number of days to re-let empty Council properties** – The average number of days to re-let empty Council properties (excluding temporary accommodation) was 58 days at the end of Q1 2023-24. This figure had been reducing slowly from 108 days at the end of May 2022 and is now broadly in line with Q1 figures prior to 2022-23. The total number of void properties at the end of Q1 2023-24 was 60 which is the lowest figure seen for a number of years.
- **Library Visits** – Library visits (to all libraries, including reading cafes) during 2022-23 totalled 864,963, which is a large increase on the visits in the previous two years (617,771 in 2021-22 and 183,706 in 2020-21). This shows a very positive direction of travel. Figures for Q1 2022-23 (240,908) continue this positive trend and are in line with pre-pandemic figures.
- **Customer Centre – % served within target wait time** – 86% of customers were served within the target waiting time during Q1 2023-24. This is an increase on the figures during the same period in previous years (73% in 2022-23).
- **FOI and EIR – % of requests responded to in-time** – 89.3% of requests were responded to in-time during Q1 2023-24 which is the highest figure seen since the end of 2018-19.

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

- **Percentage of household waste sent for reuse, recycling or composting** – The latest provisional data for the amount of household waste sent for reuse, recycling or composting was 33.4% within Q4 2022-23 which is a small decrease from 36.3% during Q4 2021-22. There was also a small decrease in the annual reuse, recycling or composting rate to 41.3% from 43.2% last year. Whilst there has been a reduction in total household waste collected to 857kg per household from 906kg last year there has not been the same reduction in residual (approx. non-recycling) household waste – remaining above 500kg per household.

- **Number of homeless households with dependent children in temporary accommodation** – The latest available data shows that the number of households with dependent children in temporary accommodation has increased during 2022-23 from 22 at Q1 to 35 at Q4, which is 51% of total households in temporary accommodation. Generally, the households with children rise and fall in line with the total households and there was a peak at the end of 2021-22 where 57% were households with children. Numbers reduced during the height of the pandemic but have since been increasing and are now just above levels seen in the years before the pandemic.
  - The increase in numbers of households in temporary accommodation can also be seen nationally for 2022-23, and when looking at the total number of households in temporary accommodation per households in area (000s), York continues to perform positively compared to benchmarks (0.78 in York compared to 4.35 Nationally, 1.1 Regionally and 16.54 in London). It should be noted that these figures are snapshot figures and therefore may fluctuate between the snapshot dates.

## Consultation Analysis

92. Not applicable

## Options Analysis and Evidential Basis

93. Not applicable

## Organisational Impact and Implications

94. The recommendations in the report potentially have implications across several areas. However, at this stage

- **Financial implications** are contained throughout the main body of the report. The actions and recommendations contained in this report should ensure the continued financial

stability and resilience of the Council both in the current year and in future years.

- **Human Resources (HR)**, Work will be needed to mitigate and manage the impact of a higher number of staff vacancies and any resulting impact on sickness absence. Savings proposals with staffing implications will follow appropriate consultation and HR policies and procedures.

- **Legal**

- General

The Council is under a statutory obligation to set a balanced budget on an annual basis. Under the Local Government Act 2003 it is required to monitor its budget during the financial year and take remedial action to address overspending and/or shortfalls of income. Further work is required to develop and implement proposals that will allow the Council to bring its net expenditure in line with its income. There may be legal implications arising out of these proposals that will be considered as part of the development and implementation of those proposals. If the Council is unable to set a balanced budget, it is for the Chief Financial Officer to issue a report under s114 of the Local Government Finance Act 1988 ('a section 114 notice').

- Car Parking Charges

The Council can lawfully provide on and off street parking and set car parking charges pursuant to the Road Traffic Regulation Act 1984. A process under Schedule 9 of the Act must be followed to vary those charges under a Traffic Regulation Order. Public consultation is a part of the process.

- **Procurement**, the creation, and servicing of a procurement challenge panel will require support from within the procurement team along with updated forward procurement plans from all services areas across the Council including within the procurement team.
- **Health and Wellbeing**, reductions in spend in some areas could impact on the health and wellbeing of both our staff and residents. The impact of any reductions in spend will continue to be carefully monitored so that implications can be considered and mitigated where possible. The use of currently unallocated funds from the Public Health reserve may also mean that additional investment is needed in future years.

- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, are contained throughout the main body of the report. Where decisions impact on residents on a low income these impacts will be recorded in the individual Equalities and Human Rights analysis referred to below.
- **Equalities and Human Rights**, 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.
- **Data Protection and Privacy**, there are no implications related to the recommendations.
- **Communications**, the information set out in this report necessitates both internal and external communications. With ongoing interest in the current state of Local Government funding, we anticipate this report will attract media attention. A comms plan has been prepared to help make the information about the forecast overspend and the controls proposed clear and understandable, with opportunities to facilitate staff discussion arranged. The Council Plan report is elsewhere on this agenda and communications will be aligned.
- **Economy**, there are no direct implications related to the recommendations.

## Risks and Mitigations

95. 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.
96. The current financial position represents a significant risk to the Council's financial viability and therefore to ongoing service delivery. It is important to ensure that the mitigations and decisions outlined in this paper are delivered and that the overspend is reduced.

## Wards Impacted

97. All.

## Contact details

For further information please contact the authors of this Decision Report.

### Author

<b>Name:</b>	Debbie Mitchell
<b>Job Title:</b>	Chief Finance Officer
<b>Service Area:</b>	Finance
<b>Telephone:</b>	Ext 4161
<b>Report approved:</b>	Yes
<b>Date:</b>	04/09/2023

### Co-author

<b>Name:</b>	Ian Cunningham
<b>Job Title:</b>	Head of Business Intelligence
<b>Service Area:</b>	Governance
<b>Telephone:</b>	Ext 5749
<b>Report approved:</b>	Yes
<b>Date:</b>	04/09/2023

## Annexes

**Annex 1:** Q1 Performance Tables - Council Plan Outcomes for Strategic Indicators 2019-23