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

11 December 2023

Report of the Chief Operating Officer and Chief Finance Officer

2023/24 Finance and Performance Monitor 2

Summary

1. This report sets out the projected 2023/24 financial position and the performance position for the period covering 1 April 2023 to 30 September 2023. This is the second report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. The previous monitor report outlined the Council's serious financial position with a forecast overspend for 2023/24 of £11.4m. There has been a small improvement for Monitor 2, with a forecast overspend of £11.1m. However, further mitigation has been identified which has resulted in the net overspend reducing from £2m to £1.1m.
3. This is still a significant overspend that is of serious concern and it remains 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.

Background

Financial Summary and Mitigation Strategy

4. The latest forecast is that there will be an overspend of £11m. 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 action to reduce expenditure

has been implemented. If we do not start to see an improvement in the forecast, there will need to be further measures implemented to ensure that the required impact is seen by the end of the financial year.

5. Officers 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.
6. It is a clear and agreed priority for all officers to focus on the delivery of savings plans during the year.

Financial Analysis

7. 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. The latest forecasts indicate the Council is facing net financial pressures of £11.1m and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget	2023/24 Gross Forecast Variation	Mitigation	2023/24 Revised Forecast Variation after mitigation
	£'000	£'000	£'000	£'000
Children & Education	25,083	4,637	-910	3,727
Adult Social Care & Integration	45,329	6,688	-3,281	3,407
Place	22,605	-1,223	-140	-1,363
Customers & Communities, Public Health & Corporate Services	26,437	2,000	-1,000	1,000
Central budgets	22,670	-1,000		-1,000
Sub Total		11,102	-5,331	5,771
Contingency	-500		-500	-500

Use of earmarked reserves			-4,250	
Target for further mitigation			-1,021	-1,021
Total including contingency	141,624	11,102	-11,102	nil

Table 1: Finance overview

Directorate Analysis

Corporate, Customers & Communities

8. The forecast outturn position for the remaining areas of the Council is a net overspend of £920k and the table below summarises the latest forecasts by service area.

	Budget £'000	Variance £'000	Variance %
Chief Finance Officer	2,923	176	6
HR and Corporate Management	2,545	88	3
Customers & Communities	15,899	1,152	7
Governance	5,063	504	10
Public Health	14	0	0
Total Corporate, Customers & Communities	26,444	1,920	7
Other central budgets and treasury management	22,382	-1,000	4

Mitigations to reduce forecast overspend	
Vacancy management and cost control measure across all areas	
Further review of Treasury Management and borrowing forecasts	-1,000
Revised position	920

9. Within Customers and Communities, the most significant pressure (£600k) arises from the continued pressure across Housing Benefit Overpayments as the move to Universal Credit reduces opportunities to achieve income from recovering overpayments.
10. There is also continued pressure from the loss of external payroll contracts within the Payroll Team (£242k), however, vacancies are being held wherever possible within Business Support to reduce the overspend.

11. Historical income shortfalls at the Mansion House combined with existing saving targets and pressures from premises costs are proving challenging. Budget panels have been held recently to discuss ways of improving the position going forwards.
12. Energy and maintenance contract inflation is causing pressure with the Bereavement Services, but it is hoped that this will be mitigated by increased income from the Crematorium by the end of the year.
13. Within the Governance department there are forecast pressures across legal services income recovery from capital fees and pressures regarding coroner fees. There are also concerns over the achievability £125k savings target through advertising income this year, a paper is being taken to CMT to discuss options.
14. Since the last report the proposed External Audit fee has been received, an increase of £175k. This has been noted and included in the Medium Term Financial Plan.
15. 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. The impact of holding vacancies where possible has yet to be quantified.

Performance – Service Delivery

16. This performance report is based upon the city outcome and council delivery indicators included in the Performance Framework for the Council Plan (2023-2027) which was launched in September 2023. This report only includes indicators where new data has become available, with a number of indicators that support the Council plan being developed. Wider or historic strategic and operational performance information is published quarterly on the Council's open data platform; www.yorkopendata.org.uk
17. The Executive for the Council Plan (2023-2027) agreed a core set of indicators to help monitor the Council priorities and these provide the structure for performance updates in this report. Some indicators are not measured on a quarterly basis and the DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly.

18. A summary of the city outcome and council delivery indicators by council plan theme, based on new data released since the last report, are shown below.

Housing: Increasing the supply of affordable housing (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% of dwellings with energy rating in A-C band in the EPC Register - Snapshot	43.10% (Q1 2023/24)	43.40% (August 2023)	➡	Monthly	Not available	Q2 2023/24 data available in November 2023
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						

Performance - Housing: Increasing the supply of affordable housing

19. % of dwellings with energy rating in A-C band in the EPC register - An Energy Performance Certificate (EPC) gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for 10 years, and apart from a few exemptions, a building must have an EPC assessment when constructed, sold or let. Whilst the EPC register does not hold data for every property, it can be viewed as an indication of the general efficiency of homes. The rating is based on how a property uses and loses energy for example through heating, lighting, insulation, windows, water and energy sources. Each area is given a score which is then used to determine the A-G rating. In 2022, the median energy efficiency rating for a dwelling in England and Wales was Band D and a rating of A-C is generally considered to be good energy performance.
20. At the end of August 2023, 43.4% of properties on the register for York had an EPC rating of A-C which is a slight increase from 42.1% at the start of the year. The median grade for York for the same period was band D which follows the latest national benchmark. Data is based on the last recorded certificate for 58,553 properties on the register for York, some of which will have been last assessed more than ten years ago.

Sustainability: Cutting carbon, enhancing the environment for our future (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
The average of maximum annual mean Nitrogen Dioxide concentration recorded across three areas of technical breach (at points of relevant public exposure) - Calendar	43.8 (2021/22)	44.1 (2022/23)	➡	Annual	Not available	2023/24 data available in September 2024
Carbon emissions across the city (tonnes of carbon dioxide equivalent) - (Calendar Year)	936 (2018)	912 (2019)	➡	Annual	Not available	2020 data available in November 2023
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						

How the Council will operate (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
FOI & EIR - % Requests responded to In time - (YTD)	89.30% (Q1 2023/24)	92.40% (Q2 2023/24)	↑ Good	Quarterly	Not available	Q3 2023/24 data available in January 2024
% of 4Cs Complaints responded to 'In Time'	96.12% (Q1 2023/24)	93.26% (Q2 2023/24)	→	Monthly	Not available	Q3 2023/24 data available in January 2024
The % of York residents reporting 'good' or 'excellent' experience with Council (Baseline Q3 Talkabout)	NA	NA	NA	Quarterly	Not available	Q3 2023/24 data available in February 2024
The % of York residents reporting 'poor' or 'satisfactory' experience with Council (Baseline Q3 Talkabout)	NA	NA	NA	Quarterly	Not available	Q3 2023/24 data available in February 2024
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	12.95 (July 2022)	11.01 (July 2023)	→	Monthly	CIPD (Public Sector) 2022/23 10.6	Q2 2023/24 data available in December 2023
YCC Average Speed of answer - Operators	00:00:15 (Phone) (Q1 2023/24)	00:00:10 (Phone) (Q2 2023/24)	→	Monthly	Not available	Q3 2023/24 data available in January 2024

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

Performance - How the council will operate

21. FOI and EIR - % of requests responded to in-time – 92.4% of requests were responded to in-time during 2023-24 up until the end of September which is the highest figure seen since the end of 2018-19.
22. % of 4Cs complaints responded to in-time - In Q2 2023-24, there has been a decrease in the number of corporate complaints received compared to the same reporting period in 2022-23 (364 in Q2 2023-24 compared to 652 in Q2 2022-23). There has been a small reduction in performance for the percentage of corporate complaints responded to in time (93.3% in Q2 2023-24 compared to 95.3% in Q2 2022-23).
23. Average sickness days per full time equivalent (FTE) employee - At the end of July 2023, the average number of sickness days per FTE (rolling 12 months) had decreased to 11 days from 13 in July 2022. Recently released benchmarks show that the CIPD public sector benchmark is 10.6 days per FTE, putting us in line with national trends.
24. York Customer Centre average speed of answer - Phones were answered, on average, in 10 seconds in Q2 2023-24 by the York Customer Centre which is the lowest figure seen during 2023-24 and much lower than the average of 1 minute and 42 seconds during 2022-23.

Consultation

25. Not applicable.

Options

26. Not applicable.

Analysis

27. Not applicable.

Council Plan

28. Not applicable.

Implications

29. 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.
- **Human Resources (HR)**, there are no direct implications arising from this report.
- **Legal** the Council is under a statutory obligation to set a balanced budget on an annual basis. Under the Local Government Act 2003 it is required to monitor its budget during the financial year and take remedial action to address overspending and/or shortfalls of income. 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').
- **Procurement**, there are no direct implications arising from this report.
- **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.
- **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.
- **Economy**, there are no direct implications related to the recommendations.

Risk Management

30. 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.
31. The current financial position represents a significant risk to the Council's financial viability and therefore to ongoing service delivery. It is important to ensure that the mitigations and decisions outlined in this paper are delivered and that the overspend is reduced.

Recommendations

32. The Committee is asked to:
 - a. Note the finance and performance information.

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

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Report
Approved



Date 03/11/2023

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Chief Operating Officer

Report
Approved



Date 03/11/2023

Wards Affected:

All



For further information please contact the author of the report

Background Papers: None.

Annexes: None.