

Report of the Chief Operating Officer and Chief Finance Officer

## **2024/25 Finance and Performance Monitor 2**

### **Summary**

1. This report sets out the projected 2024/25 financial position and the performance position for the period covering 1 April 2024 to 30 September 2024. This is the second 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 continued challenging financial position with a forecast overspend for 2024/25 of £2.7m which is a huge improvement on the c£11m forecast overspend we have previously seen at this stage in the financial year. There has also been an increase in the forecast for Adult Social Care, and the forecast also assumes we can release some earmarked reserves to offset the overall position.
3. However, this is still a forecast overspend and therefore, whilst it is incredibly positive that the position is much improved, there remains a great deal of work still to do. It remains 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 overspending will quickly see the Council exhaust its reserves.
4. As outlined in previous reports, the existing cost control measures remain in place, and further action is needed to bring spending down to an affordable level, both within the current financial year and over the next 3 years, to safeguard the Council's financial resilience and stability. The impact that this work is having can be clearly seen in this latest forecast and the Council's track record of delivering savings, along with robust financial management, provides a sound platform to continue to be able to deal with future challenges.

5. If we continue to take action and make any 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 mitigations are delivered, and the forecast overspend is reduced.
6. Local government continues to be in challenging times, with worsening performance in a number of sectors nationally. The majority of performance indicators chosen to support and monitor the Council Plan in York, continue to show a generally positive and stable trend against this difficult financial picture and shows the hard work from staff, partners and the city to tackle these challenges.
7. This set of indicators are the high-level measurable element of our performance framework, and in newly available data up to Q2 there has been positive performance in areas such as; **Health inequalities in wards** where we have seen further improvements in the expected level of development in children at 2-2.5 years, the number of **children in temporary accommodation** continues to be lower than previous years, our **building services indicators** continue to show a positive direction of travel with a high percentage of repairs completed on first visit alongside the low number of void properties and an increasing percentage of dwellings with an energy rating in the A-C band in the EPC register, and the **number of FOIs, EIRs, and Complaints** responded to in-time show positive performance at responding to customers in timely manner.
8. Alongside the Council plan indicators there are a number of areas of positive performance from across the Council. We are listening to residents within **Our Big Budget Conversation**, a consultation on budget priorities taking place over 4 stages during 2024-25 with stage 2 concluding at the end of Q2 with over 1000 responses. The annual **Tenant Satisfaction survey** was sent to all council tenants in September 2024, where over 7000 households have been asked about their views on services. York remains committed to improving stock condition and tenant experiences, and results from the 2023-24 Regulator for Social Housing return are due for publication on the York Open Data platform in the new year. Nearly 39,000 eligible households in York have now subscribed to the new **Garden Waste Subscription scheme**, which is 55% of eligible households and above the initial target of 33,000 households. The **Corporate Improvement Framework** which builds on existing strengths with a view to continuous improvement being central to how the council operates has shown recent positive trends in the continued reduced spend on agency staff, a high percentage of FOIs, EIRs, and Complaints responded to in-time, and a wide variety of ideas received in response to

the new staff ideas system. **Population predictions** and data from POPPI/PANSI show that there is going to be a higher % of older people and individuals with learning needs in York in forthcoming years.

## **Background**

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

9. The current forecast is that there will be an overspend of £2.7m. This is despite the additional budget allocated through the 2024/25 budget process and ongoing action being taken by managers across the Council to try and reduce expenditure. Of particular concern, is the increase in forecast overspend across Adult Social Care, where the predicted outturn has increased by £2.4m.
10. 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 continue the work started in the previous financial year to identify and take the necessary actions to reduce expenditure.
11. As outlined in previous reports to Executive, 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 2024 also included an assessment of risks associated with the budget, which included the need to secure further savings and effectively manage cost pressures.
12. 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 continue the work started last year to reduce our expenditure down to a sustainable level both within the current financial year and over the medium term.
13. On 30 October, the Chancellor announced the first budget of the new Government. Whilst we will need to await the draft local government

settlement in December for detailed allocations of any funding to York, there was a confirmation that there are plans to reform local authority funding (especially distribution) in 2026/27 “to ensure it reflects an up to date assessment of need and local revenues”. This is both an opportunity and a risk to our medium term finances, given our position as one of the lowest funded councils in the country.

14. 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.
15. Corporate control measures are in place, but it is possible that they will not deliver the scale of reduction needed within the year. Other savings proposals, including service reductions, may also be needed. 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.
16. The delivery of savings plans continues to be a clear priority for all officers during the year. Corporate Directors and Directors will keep Executive Members informed of progress on a regular basis.

### Financial Analysis

17. The Council’s net budget is £149m. Following on from previous years, the challenge of delivering savings continues with c£14m to be achieved to reach a balanced budget. The latest forecasts indicate the Council is facing net financial pressures of £2.7m and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget £'000	2024/25 Forecast Variation £'000
Children & Education	28,659	1,111
Adult Social Care & Integration	45,307	3,286
Transport, Environment & Planning	23,464	-610

Housing & Communities	6,614	790
Corporate & Central Services	44,648	-132
<b>Sub Total</b>	<b>148,692</b>	<b>4,445</b>
Contingency	576	-576
Use of earmarked reserves		-1,089
<b>Total including contingency</b>	<b>149,268</b>	<b>2,780</b>

Table 1: Finance overview

## Directorate Analysis

### Corporate & Central Services

18. The forecast outturn position for the remaining areas of the Council is a net underspend of £132k and the table below summarises the latest forecasts by service area.

	2024/25 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Director of Finance	3,878	0	0
CO HR & Support Services	11,047	-89	-0.8
Director of Governance	3,795	-43	-0.1
City Development	710	0	0
Public Health	13	0	0
Other Corporate & Treasury Mgt	25,204	0	0
Contingency	576	-576	-100
<b>Total</b>	<b>45,223</b>	<b>-708</b>	<b>-1.45</b>

19. Within the corporate services directorates it is forecast at that expenditure can be broadly contained within budgets.
20. There remains £576k set aside as a contingency and this is assumed to be used to offset other financial pressures across the council.

### Performance – Service Delivery

21. 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](http://www.yorkopendata.org.uk)

22. 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.
23. A summary of the city outcome and council delivery indicators by council plan theme are shown in the paragraphs below along with the latest data for the core indicator set.

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	45.1% (Q1 2024/25)	45.3% (August 2024)	↑ Good	Monthly	National Data 2023/24 59.7% Regional Data 55.3%	Q2 2024/25 data available in November 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						

24. **% 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. 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 and a rating of A-C is generally considered to be good energy performance.
25. The % of properties on the register for York with an EPC rating of A-C at the end of August was 45.3%. This measure has increased incrementally month on month since CYC began reporting on the information 18 months ago when 42% of properties were rated A-C. The largest changes in York continue to be in the middle categories with around 3% less properties rated D-E and around 2.5% more rated C. Data is based on the last recorded certificate for 61,666 properties on the register for York, some of which will have been last assessed more than ten years ago. When looking at certificates added or renewed in the past year only for 2023-24, 58.5% of certificates were rated A-C for York compared to 59.7% Nationally and 55.3% Regionally.

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 year	44.1 (2022/23)	38.8 (2023/24)	➡	Annual	Not available	2024/25 data available in April 2025
Carbon emissions across the city (tonnes of carbon dioxide equivalent) - (Calendar Year)	912 (2019)	816 (2020)	⬇ Good	Annual	Not available	2021 data available in November 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						

26. **Level of CO2 emissions across the city and from council buildings and operations** – The City continues its journey to net zero by 2030 with Carbon emissions across the city reducing over recent years, from 936 kilotonnes of carbon dioxide equivalent in 2018, to 816 in 2020. Emissions from councils buildings and operations have also been reducing, from 3,658 tonnes of carbon dioxide equivalent in 2020-21 to 3,462 in 2022-23.

How the Council will operate (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
FOI & EIR - % Requests responded to in time - (YTD)	97.64% (Q1 2024/25)	98.06% (Q2 2024/25)	⬆ Good	Monthly	Not available	Q3 2024/25 data available in January 2025
% of 4Cs Complaints responded to 'In Time'	51.79% (Q1 2024/25)	73.66% (Q2 2024/25)	⬆ Good	Monthly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting an 'excellent' experience when they last contacted the council about a service	10.92% (Q3 2023/24)	11.07% (Q1 2024/25)	➡	Quarterly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting a 'good' experience when they last contacted the council about a service	34.86% (Q3 2023/24)	29.07% (Q1 2024/25)	➡	Quarterly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting a 'satisfactory' experience when they last contacted the council about a service	34.51% (Q3 2023/24)	37.02% (Q1 2024/25)	➡	Quarterly	Not available	Q3 2024/25 data available in January 2025
The % of the Talkabout panel reporting a 'poor' experience when they last contacted the council about a service	19.72% (Q3 2023/24)	22.84% (Q1 2024/25)	➡	Quarterly	Not available	Q3 2024/25 data available in January 2025
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	11.11 (August 2023)	11.64 (August 2024)	➡	Monthly	CIPD (Public Sector) 2022/23 10.6	Q2 2024/25 data available in November 2024
York Customer Centre average speed of answer	00:00:42 (Phone) (Q1 2024/25)	00:01:05 (Phone) (Q2 2024/25)	➡	Monthly	Not available	Q3 2024/25 data available in January 2025
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						

27. **FOI and EIR – % of requests responded to in-time (YTD)** – 98% of requests were responded to in-time during the year up to the end of September 2024 which is the highest figure seen for a number of years.

28. **% of 4Cs complaints responded to in-time** – In 2023-24, there had been a large decrease in the number of corporate complaints received compared to 2022-23 (1,310 in 2023-24 compared to 1,866 in 2022-23). This decrease has continued into 2024-25 with 554 corporate complaints received in the first half on 2024-25 (compared to 848 in the first half of 2023-24). The percentage of corporate complaints responded to in time during Q2 2024-25 was 73.7% which is a large increase from 51.8% in Q1 2024-25.
29. **% of the Talkabout panel reporting an excellent, good, satisfactory or poor experience when they last contacted the council about a service** – The results for this indicator for Q1 2024-25 show that the majority of the panel report having a ‘good’ (29%) or ‘satisfactory’ (37%) experience when they last contacted the Council, with 11% reporting an ‘excellent’ experience and 23% reporting a ‘poor’ experience. Data for Q3 2024-25 will be available in January 2025.
30. **Average sickness days per full time equivalent (FTE) employee** – At the end of August 2024, the average number of sickness days per FTE (rolling 12 months) had increased slightly to 11.6 days from 11.1 in August 2023. Recently released benchmarks show that the CIPD public sector benchmark is 10.6 days per FTE, putting us in line with national trends.
31. **York Customer Centre average speed of answer** – Phones were answered, on average, in 1 minute and 5 seconds during Q2 2024-25 by the York Customer Centre. This is slightly higher than previous quarters but the September figure was 31 seconds showing that the speed of answer is going in the right direction.

### **Consultation**

32. Not applicable.

### **Options**

33. Not applicable.

### **Analysis**

34. Not applicable.

### **Council Plan**



35. Not applicable.

### **Implications**

36. 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)**, there are no direct implications related to the recommendations.
- **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.
- **Procurement**, there are no specific procurement implications to this report.
- **Health and Wellbeing**, there are no direct implications related to the recommendations.
- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, there are no direct implications related to the recommendations.
- **Equalities and Human Rights**, there are no direct implications related to the recommendations.
- **Data Protection and Privacy**, there are no implications related to the recommendations.
- **Communications**, there are no direct implications related to the recommendations.
- **Economy**, there are no direct implications related to the recommendations.

### **Risk Management**

37. 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.

38. 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

39. The Committee is asked to:
- Note the finance and performance information.
  - Note that work will continue on identifying savings needed to fully mitigate the forecast overspend.

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

### Contact Details

**Author:**

Debbie Mitchell  
Chief Finance Officer  
Ext 4161

Ian Cunningham  
Head of Business  
Intelligence  
Ext 5749

**Chief Officer Responsible for the report:**

**Ian Floyd**  
**Chief Operating Officer**

**Report**  
**Approved**



**Date**  
**26/11/24**

. .  
. .

**Wards Affected:** *List wards or tick box to indicate all*

**All**

**For further information please contact the author of the report**  
**Background Papers:** None.

**Annex 1:** CSCCSM Q2 24-25 Scrutiny Committee Scorecard