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**Economy, Place, Access and Transport  
Scrutiny Committee**

**27/02/2024**

Report of Patrick Looker (Head of Service Finance)

**2023/24 Finance and Performance Monitor 3**

**Summary**

1. This report sets out the projected 2023/24 financial position and the performance position for the period covering 1 April 2023 to 31 December 2023. This is the third 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 c£11m gross, mitigated down to £941k. There has been a small improvement for Monitor 3, with a forecast overspend, after mitigation, of £842k. However, the underlying gross overspend remains at c£11m.
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.
4. Given the scale of the forecast overspend, a series of actions was agreed previously 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.

## **Background**

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

5. 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 we must take immediate action to reduce expenditure. 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.
6. 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.
7. 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.
8. 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.

9. 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, are also needed. A full list of these was included in the monitor 1 report considered by Executive in September.
10. 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.
11. 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**

12. 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. An overview of the latest forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget	2023/24 Net Q2 Forecast Variation	2023/24 Net Q3 Forecast Variation
	£'000	£'000	£'000
Children & Education	25,083	3,727	3,690
Adult Social Care & Integration	45,329	3,407	4,712
Place	22,605	-1,363	-1,040
Customers & Communities, Public Health & Corporate Services	26,437	1,000	830
Central budgets	22,670	-1,000	-2,600

<b>Sub Total</b>		<b>5,771</b>	<b>5,592</b>
Contingency	-500	-500	-500
Use of earmarked reserves		-4,250	-4,250
Target for further mitigation		-1,021	842
<b>Net total including contingency</b>	141,624	nil	nil

Table 1: Finance overview

### Directorate Analysis

#### Place

13. The forecast directorate outturn position is an underspend totalling £1,223k and the table below summarises the latest forecasts by service area.

	2023/24 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Transport	6,846	-382	-5
Fleet	-237	10	4
Highways	4,457	880	19.7
Parking Services	-6,779	-1,311	-19
Waste	15,149	-1,266	-8
Public Realm	3,298	84	2.5
Emergency Planning	115	0	0
Planning Services	-133	341	356
Forward Planning	421	0	0
Public Protection	766	-35	-4.6
Community Safety	688	4	0.6
Asset and Property Management	624	-95	-15
Facilities Management	1,293	564	43.6
Commercial Property	-4,336	0	0
Regen & Economic Development	406	0	0
Housing Services	-476	36	7.6
Management and Support	446	0	0
<b>Place total</b>	<b>22,548</b>	<b>-1,040</b>	<b>-4.6</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>-1,363</b>

14. The primary reason for the underspend is continued strong performance from income particularly relating to parking. There are also underspends across waste from recyclate sales and lower than forecast waste tonnages. Offsetting these costs there are continued higher than budgeted utility costs across street lighting and council offices.
15. Car park income to 30th November has remained strong across the city at being £455k (10%) ahead of income to the corresponding date in 2022/23 and £1,200k ahead of budget. Following a price rise in early November the income projection for the year has been increased to £1.6m. There is also further income above budget of £100k from Penalty Charge notices less a shortfall of £50k from Respark. There has been an increase in bank processing costs of card and phone payments but overall Parking Services is forecasting an underspend of £1.3m.
16. There is a forecast underspend of (£1,266k) 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 is lower than 2022/23 but higher than budget.
17. Across Waste Collection operational costs are estimated at £390k 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 (£448k) to be filled with commercial waste from Yorwaste which provides additional income.
18. Latest monitoring indicates a forecast shortfall in planning fees of £450k. There has been a slowdown in income levels related to the downturn in the housing market. This will continue to be monitored closely and the profile of planning income will be reviewed in light of the impact of the Local Plan and announced fee increases which came into force in December. There have been staff savings that have offset the shortfall in income.
19. 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 £417k in this service area.

20. 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 (£500k) and Facilities management £175k.
21. There have also been additional insurance costs faced by the Directorate as premiums increase reflecting the cost to the insurance industry of claims.
22. The overall directorate forecast assumes that a number of 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.

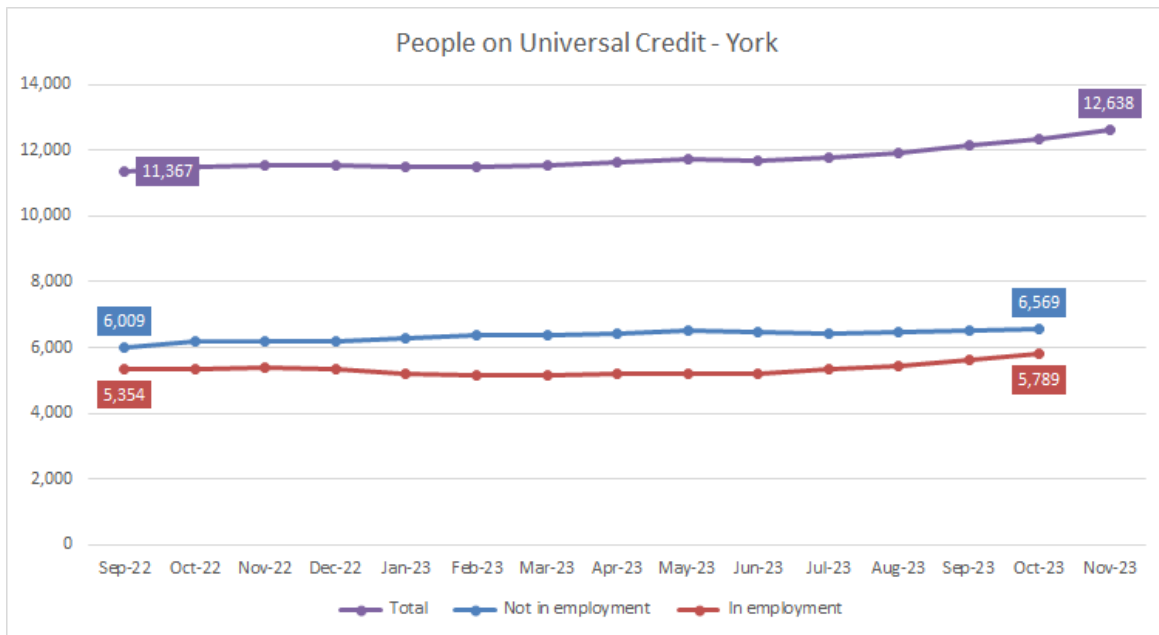
### **Performance – Service Delivery**

23. 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)
24. 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.
25. 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.

Economy: A fair, thriving, green economy for all (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Universal Credit: Claimants	12,156 (Q2 2023/24)	12,638 (November 2023)	↑ Bad	Quarterly	Not available	Q3 2023/24 data available in January 2024
Earnings gap between the 25 percentile and the median (£) (York)	£164.20 (2022/23)	£152.20 (2023/24)	↓ Good	Annual	Not available	2024/25 data available in December 2024
Housing affordability (median house prices to earnings ratio)	8.5 (2020/21)	8.85 (2021/22)	→	Annual	National Data 2021/22 8.92	2022/23 data available in March 2024
% of vacant city centre shops	9.22% (Q2 2023/24)	9.05% (November 2023)	→	Monthly	National Data 2022/23 13.80%	Q3 2023/24 data available in January 2024
Business Startups - (YTD)	454 (Q2 2023/24)	574 (November 2023)	↑ Good	Quarterly	Not available	Q3 2023/24 data available in February 2024
GVA per head (£)	27,572 (2020/21)	30,684 (2021/22)	→	Annual	Regional Rank 2021/22: 2	2022/23 data available in May 2024
% of working age population in employment (16-64)	83.60% (2022/23)	82.80% (Q1 2023/24)	→	Quarterly	National Data Q1 2023/24 75.60%	Q2 2023/24 data available in February 2024
% of Total Employees working for an Accredited Good Business Charter employer	12.10% (2021/22)	13.40% (2022/23)	→	Annual	Not available	2023/24 data available in September 2024
% of Total Employees working for an Accredited Living Wage employer	14% (2021/22)	16% (2022/23)	→	Annual	Not available	2023/24 data available in September 2024
Survival of Newly Born Businesses post 1 year	94.00% (2021/22)	94.40% (2022/23)	→	Annual	Not available	2023/24 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. **Universal Credit Claimants** – At the end of November 2023 there were 12,638 people, in York, on Universal Credit. Following a high of 13,236 in February 2021, the figures dropped to a low of 11,054 in May 2022 but they have steadily increased since then. This represents 9.6% of the working population in York, compared to 16.8% regionally and 15.3% nationally.
27. There are two types of claimant: those in employment and those not. Both types have been gradually increasing in the last 12 months with the number of those not in employment increasing as claimants of health-related legacy benefits (e.g. Employment and Support Allowance) are migrated across to Universal Credit. The increase in the number of those in employment may be attributed to a higher percentage of part time workers (30.7% in York, 26.5% regionally and 23.8% nationally).



28. The general economic context is that inflation is falling, but prices are still 21% higher than in December 2020, and are rising by 4.6% year on year. In particular, the overall price of food and non-alcoholic beverages rose around 27% between November 2021 and November 2023. Growth in earnings is outstripping inflation again, but for most wage earners spending power is still lower than it was three years ago. Private rental prices continued to grow at a record high rate in the UK, rising by 6.2% (provisional estimate) in the year to November 2023. This is the largest annual percentage change since this UK data series began in January 2016.

29. **Earnings gap between the 25 percentile and the median (£)** – The earnings gap is the difference between full time workers in the bottom quartile and those earning the median. In York, the latest figures show that this gap has reduced by 7.3%, in 2023, to £152.20. This is the lowest gap since 2018-19. Nationally, there has been an increase of 1.4% to £163.20 and regionally an increase of 4.7% to £139.50. It is worth noting that the difference between workers in low-paying and other occupations and industries are not limited to pay. Part-time work, zero-hours contracts and temporary contracts are more common for those working in low-paying occupations, while small firms are more likely to be in low-paying industries. However nationally, in 2023, 8.9% of all employee jobs were low paid (paid less than two-thirds of median hourly pay), when considered in terms of hourly earnings. This was the lowest proportion of low-paid employee jobs by hourly pay since the data series began in 1997, which coincides with recent increases in the National Minimum Wage (NMW) and National Living Wage (NLW) rates. This also



coincides with the additional increase in the NMW for those aged 23 and 24 years, who joined those aged 25 years and over in receiving the NLW in 2021.

30. **% of vacant city centre shops** – Whilst acknowledging that a number of city centre streets and prime commercial locations seem to be experiencing higher vacancy levels than York's average, overall at the end of November 2023, there were 57 vacant shops in the city centre (eleven more than the number at the end of November 2022), which equates to 9.1% of all city centre shops, and is still much lower than the national benchmark in 2022-23 of 13.8%.
31. **Business start ups** – Figures for 2022-23 showed 870 new business start-ups for York, which is higher than in the previous year (746 in 2021-22). The York figure is at only a slightly lower level to that seen before the pandemic (932 in 2019-20). The year to date figure up to the end of November 2023 of 574 new start ups is in line with previous years.
32. **% of working age population in employment (16-64)** – In Q1 2023-24, 82.8% of the working age population were in employment, which is higher than the national and regional figures (75.6% and 74.2% respectively) and the York performance gives the city a ranking of first regionally. The figure for Q1 2023-24 in York remains high compared to previous years.
33. **Survival of Newly Born Businesses post 1 year** – Businesses have had a turbulent time over recent years, coping with Covid, the soaring cost of energy, high inflation and high interest rates. The latest business demography statistics suggest that resilience may be even better than expected. In York, 175 businesses were created in Q3 2023-24, up 6% on a year ago. There were 160 business closures in the same quarter, down 8% on the year before. The survival rate post 1 year has been consistently above 94% in York for the last 4 years, with the latest figure of 94.4%. The York figures have been consistently higher than the National and Regional rates.

Transport: Sustainable accessible transport for all (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
P&R Passenger Journeys	2m (YTD Dec 21)	2.4m (Prov) (YTD Dec 22)	↑ Good	Quarterly	Not available	Q4 2022/23 data available TBC
Local bus passenger journeys originating in the authority area (excluding P&R)	5.54m (YTD Dec 22)	7.26m (Prov) (YTD Dec 22)	↑ Good	Quarterly	Not available	Q4 2022/23 data available TBC
Area Wide Traffic Levels (07:00 - 19:00) (Excluding A64) from 2009/10 baseline (2.07m)	1.77m (2019/20)	1.34m (2020/21)	→	Annual	Not available	2021/22 data available TBC
Index of cycling activity (12 hour) from 2009 Baseline (31,587)	114.00% (2020)	101.00% (2021)	↓ Bad	Annual	Not available	2022 data available TBC
Index of pedestrians walking to and from the City Centre (12 hour in and out combined) from 2009/10 Baseline (37,278)	104.00% (2021/22)	123.00% (2022/23)	→	Annual	Not available	2023/24 data available in July 2024
% of customers arriving at York Station by sustainable modes of transport (cycling, walking, taxi or bus - excluding cars, Lift, Motorcycle, Train)	71.90% (2019)	79.40% (2021)	→	Annual	Not available	2022 data available TBC

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Transport: Sustainable accessible transport for all (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
The number of CYC electric vehicle recharging points in York	110 (Q1 2023/24)	103 (Q2 2023/24)	→	Quarterly	Not available	Q3 2023/24 data available in January 2024
% of road and pathway network that are grade 4 (poor) or grade 5 (very poor) - roadways	22% (2020/21)	22% (2021/22)	→	Annual	Not available	2022/23 data available TBC

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34. The majority of the indicators in this Transport section are annual indicators, therefore data will only be available once a year. As soon as new data becomes available, narrative will be included in future versions of this report.
35. **The number of CYC electric vehicle recharging points** – There were 103 CYC electric recharging points in Q2 2023-24, which is seven fewer than in the previous quarter.

Housing: Increasing the supply of affordable housing (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Net Additional Homes Provided - (YTD)	459 (2022/23)	152 (as at Q2 2023/24)	↑ Good	Bi-annual	Not available	2023/24 full year data available in June 2024
Net Housing Consents - (YTD)	1,559 (2022/23)	324 (as at Q2 2023/24)	→	Bi-annual	Not available	2023/24 full year data available in June 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

36. **Net Additional Homes** – Between 1st April 2023 and 30th September 2023 there were a total of 152 net housing completions. This represents fewer housing completions compared to the same monitoring period last year. However, several significant housing sites are anticipated for completion over the next six months including the remaining 244 homes at The Cocoa Works, Haxby Road (Phase 1), 62 homes at Eboracum Way, along with the ongoing developments at Germany Beck and Former Civil Service Club, Boroughbridge Road together with several other pipeline sites that should see an improved annual total of completions compared to more recent years.

37. Some of the main features of the housing completions have been;

- 141 homes were completed on housing sites;
- A total of 106 new build homes were completed whilst 3 homes were demolished;
- Individual sites that saw the construction of five or less dwellings contributed an additional 21 homes;
- The most significant individual sites that provided housing completions have been 35 flats at the Cocoa Works, Haxby Road (Phase 1, Block C), Germany Beck (27), Former Civil Service Club, Boroughbridge Road (25) and the Former Lowfield School site (24).

38. **Net Housing Consents** – Planning applications determined between 1st April 2023 and 30th September 2023 resulted in the approval of 324 net additional homes and represents a drop of more than one hundred compared to last year's update covering the same equivalent monitoring period.

39. The main features of the consents approved were;

- 247 of all net homes consented (76.2%) were granted on traditional (Use Class C3) housing sites;
- Sites granted approval for traditional (Use Class C3) housing included Os Field South of & Adjacent to 1 Tadcaster Road, Copmanthorpe (158), Land East of Middlewood Close, Rufforth (21) and Clifton Without County Junior School, Rawcliffe Drive (15). A further 38 homes were approved on sites of 5 or less homes;
- Three sites were granted 'prior approval' for a net total of 33 new homes, the most significant of which was at Gateway 2, Holgate Park Drive (31);
- 44 net new retirement homes were allowed on appeal at 11 The Village, Wigginton;

- A further 23 homes were approved through a resolution to grant consent by councillors in the previous six months at Morrell House, 388 Burton Stone Lane (13) and 12 Sturdee Grove (10).

Sustainability: Cutting carbon, enhancing the environment for our future (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Percentage of household waste sent for reuse, recycling or composting	41.26% (Prov) (2022/23)	44.95% (Prov) (Q1 2023/24)	➡	Quarterly	National Data 2021/22 42.50%	Q2 2023/24 data available in January 2024
% of Talkabout panel satisfied with their local area as a place to live	82.18% (2022/23)	81.44% (Q1 2023/24)	➡	Bi-annual	Community Life Survey 2021/22 76%	Q3 2023/24 data available in February 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						

40. **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 44.9% within Q1 2023-24, which is an increase from 41.3% during Q1 2022-23. Whilst there has been an increase in total household waste collected to 247kg per household from 236kg last year, there has been a similar increase in residual (approx. non-recycling) household waste – now above 136kg per household.

Sustainability: Cutting carbon, enhancing the environment for our future (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Level of CO2 emissions from council buildings and operations (tonnes of carbon dioxide equivalent)	3,633.3 (2021/22)	3,462.4 (2022/23)	➡	Annual	Not available	2023/24 data available in October 2024
Number of trees planted (CYC)	73 (2021/22)	1,099 (2022/23)	↑ Good	Annual	Not available	2023/24 data available in April 2024
% of Talkabout panel who think that the council are doing well at improving green spaces	38.30% (2022/23)	38.33% (Q1 2023/24)	➡	Bi-annual	Not available	Q3 2023/24 data available in February 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						

41. **Level of CO2 emissions across the city and from council buildings and operations** – Carbon emissions across the city have been 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.

## Consultation

42. Not applicable.

## Options

43. Not applicable.

## Analysis

44. Not applicable.

## Council Plan

45. Not applicable.

## Implications

46. 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**

47. 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.
48. 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**

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

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

## **Contact Details**

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Ian Floyd  
Chief Operating Officer**

**Report**  **Date**  
**Approved**

Ian Floyd  
Chief Operating Officer

**Report**  **Date**  
**Approved**

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

**All**

**For further information please contact the author of the report**

**Background Papers:** None.

**Annexes:** EPAT Q3 23-24 Scrutiny Committee Scorecard