

## **Annex 1 – Directorate Financial Summaries**

### **People**

- 1 Within the People directorate a net overspend of £8.7m is forecast. The reasons for this variation are explained in the following paragraphs.

### **SAFEGUARDING**

- 2 The budgets reported in this section are the majority of adult social care spend including external care, council run provision and social work staffing. It includes social care costs of children and the teams that support those children.
- 3 In terms of Adult Social Care, the position has improved slightly from Q2 by £41k.
- 4 The residential and nursing budget is being influenced by the current discharge requirements. People are being discharged sooner and with a higher level of care and support needs than previously. There is funding available to support the first 4 weeks following discharge but after that time people are still requiring 24 hour care for a period of time or are prevented from returning home due to higher care needs or lack of home care capacity in the city. Discussions are taking place with Health to see if there is any resource across the system that can be redirected to address this growing pressure. Commissioners are also exploring alternative options of access to other regional care provider frameworks.
- 5 The projections in ASC also assume that a further £812k of savings will be made between now and the year end: non delivery of these savings will exacerbate the overspend.
- 6 External Care budgets are projected forward based on current customer numbers. There is a small contingency set aside in the Better Care Fund for additional costs over Winter should the total number of individuals increase beyond current levels. System wide discussions have considered what needs to be in place to be ready for the anticipated difficult Winter ahead and the Council has access to £273k of the Humber Coast & Vale Integrated Care System funding which will be used to secure additional discharge beds and home care.
- 7 It is clear that the impact of the pandemic is still being felt in the health and social care sector. Several factors are causing considerable pressures on the workforce and budget including but not limited to:

- The individuals approaching ASC have more complex needs giving the paucity of available services over the last 18 months
- A significant increase in the volume of referrals compared to pre-pandemic
- A lack of social workers resulting in high use of agency and attendant high costs
- A lack of care workers resulting in reduced market capacity at higher prices, particularly in the home care sector
- A rise in provider failure and packages being passed back to the council

### **ASC Older People (OP) and Physical & Sensory Impairment (P&SI) budgets**

- 8 OP permanent residential and nursing is projected to overspend by £645k, a movement of £133k since Q2. This is largely due to an increase in the average cost per customer of an OP residential placement.
- 9 Placements in residential and nursing step up step down (SUSD) beds have increased over the last three months and this budget is now expected to overspend by £554k (compared to £249k at Q2). Customers are being discharged from hospital into discharge to assess beds more quickly than was previously the case, and are also staying in SUSD beds for longer. The lack of capacity in the home care market has made it harder to source the necessary care to meet the needs of these customers.
- 10 P&SI residential placements are expected to overspend by £205k due to having three more customers than in the budget, and in addition the average cost per customer is higher than budgeted for.
- 11 P&SI Supported Living schemes are projected to overspend by £566k in 2021/22. This is in line with previous years and is largely due to the cost per customer being around £7.5k p.a. higher than when the budget was last rebased. In addition there are currently three more customers than budgeted for. The main provider has built a new facility to replace / expand existing smaller facilities and the service is actively working with them to ensure the care provided is appropriate and proportionate to the customers' needs. The new facility comes on line in April 2022.
- 12 OP and P&SI Community Support budgets are expected to overspend by £372k in 2021/22. This is largely due to the average hourly rate for

homecare being higher than in the budget and there are also 16 more customers on exception contracts.

- 13 OP and P&SI Direct Payments budgets are projected to overspend by £295k. This is due to having 4 more customers utilising P&SI DPs and the average direct payment per OP customer is £4k higher than assumed in the budget.

### **ASC Learning Disabilities (LD) and Mental Health (MH) budgets**

- 14 Learning disability residential budgets are projected to overspend by £178k (an increase of £305k since Q2). There are currently three more customers in working age residential placements than in the budget, and there has been a backdated increase of costs amounting to £80k for another customer.
- 15 LD Supported Living schemes are projected to underspend by £310k due to having 8 fewer customers in placement than was assumed in the budget. The underspend has reduced by £155k since Q2, largely due to the average cost per customer having increased in the third quarter.
- 16 LD CSB budgets are projected to overspend by £270k. This is largely due to the average cost of a homecare placement being higher than in the budget.
- 17 There is a projected overspend of £240k on the LD Social Work team. This is due to the use of temporary WWY posts which have now been extended to the end of the financial year.
- 18 The Safeguarding and Mental Health budgets are projected to overspend by £421k in total, broken down as follows:
  - Residential Care £170k
  - Nursing Care -£101k
  - Community Support (incl Supported Living) £36k
  - Direct Payments -£48k
  - Safeguarding £140k
  - Social Work Team £204k
  - Other minor variations £20k
- 19 The main overspends are on the MH Social Work and Safeguarding staffing budgets due to being over establishment on the Safeguarding Service Manager post, the use of agency staff to cover vacancies and additional unfunded WWY staff which have now been extended to the end of the financial year (£344k).

- 20 MH residential placements are projected to overspend by £170k largely due to an increase in working age customers being placed, including one backdated to the start of the year.
- 21 The MH budget pressures were more significant in 2020/21. Budget growth given in 2021/22 allowed us to rebase most of the external care budgets so the variances in MH are not as marked as last year. MH spend is, however, an area that is growing faster than the budget we have to support it so we will continue to see if there are better ways of supporting individuals.

### **Children's Specialist Services**

- 22 Before detailing the variances to be reported it is important to highlight some of the key reasons for the current budgetary position for Childrens Social Care in York.
- 23 The number of Looked After Children in York has increased significantly in the past 2 and a half years. The Looked After Children population had been stable for a number of years, in the range 190-210 at any one time however on appointment the new Directorate Management Team identified unsafe drift and delay for some children in the system. This was subsequently identified by Ofsted and corrective action has led to significant recalibration in the system. Numbers of care orders and children on pre proceedings continues to be stable and those in need of child protection have now returned at or below our statistical neighbour average. This means the flow of children coming into the care system has significantly reduced. However, the complexity of needs of these children remains high and capacity in the system to meet need at this level nationally is a significant challenge which is subject to an independent care review.
- 24 At the time of this monitor the CYPIC number is 279. Within the next 3 years some 25% of these will leave local authority care. A Reducing Service Costs Board has been established in Specialist Services chaired by the Assistant Director which will review arrangements to reduce CYPIC numbers safely, the effectiveness and impact of the Edge of Care Service, current FGC activity and progress on foster care recruitment. In addition a Strategic Overview of Permanence Group has been established, chaired by the Assistant Director to monitor the new Permanence Strategy through tight oversight of children with a plan of permanence and ensuring rigorous use of trackers in order to prevent delay and manage demand in the system.

- 25 The placements budgets are predicted to overspend by a total of £3,639k. This includes variances of £1,227k on Fostering (including IFAs), £292k on adoption/SGO/CAO allowances and £2,435k on Out of City Placements together with a saving of £315k on the Hexagon Care contract, which ended in December 2021.
- 26 The fostering projection is based on all local foster carer positions being filled, so where a child reaches 18 or a foster placement ends, then it is assumed that this is filled. The IFA and Out of City Placement projections are based on all existing placements at the monitor date and take account of all placements expected to end during 2021/22, with no provision included for any new placements. The Out of City placements overspend being reported here is a significant increase (£1.5m) on previous years due to the recalibration of the proportion of these costs between the General Fund and the DSG.
- 27 Staffing budgets within the Permanency Teams are also predicted to overspend by £363k again due mainly to vacancies being filled by temporary staff.
- 28 Safeguarding Interventions are predicted to overspend by approximately £796k, mainly due to increases in the Court and Child Protection Teams who are dealing with the increase in cases. Legal fees are predicted to overspend by approximately £430k.
- 29 Staffing budgets with Children's Social Work Services are also predicted to overspend by approximately £298k (£291k in Q1). This is mainly due to temporary staffing across the service, which the directorate has worked hard to eliminate with permanent appointments.
- 30 Significant staffing overspends totalling £632k (£565k in Q1) are predicted in the MASH and Assessment teams mainly due to vacancies being covered by temporary and agency staffing.
- 31 Within Disabled Children's Services overspends on Short Breaks of £140k, Direct Payments of £353k and staffing of £162k are predicted
- 32 A number of other more minor variations make up the remaining projected net overspend.

## **COMMISSIONING AND PREVENTION**

### **ASC commissioning and contracting budgets**

- 33 There is likely to be some slippage on the Better Care Fund schemes of approx. £250k which can be redirected to support care packages in the Council.

### **ASC In house services Budgets**

- 34 Be Independent is projected to overspend by £295k. There is still a budget gap of £130k relating to the financial position of the service when brought back into the Council, together with an ongoing historical overspend on recharges (£50k). In addition to this there is a projected underachievement of income on sales (£49k), a projected overspend IT systems (£46k), and other overspends across the budget. We are investigating whether some of these costs can be capitalised against existing capital budgets.
- 35 Yorkcraft is projected to overspend by £95k. This is largely due to a budget saving of £62k agreed in 2020/21, which has not been achieved. In addition based on actuals to date it is expected that there will be a shortfall of income in 2021/22. A project team currently looking at future directions for the Yorkcraft service who will also review how this saving can be made by the end of the year.
- 36 Small Day Services are projected to underspend by £223k. This is largely due to vacancies at Pine Trees, Community Base and the Community Support Assistants as some of the services have not been operating at full capacity due to Covid restrictions.
- 37 There is likely to be slippage of around £350k on the budget set aside to fund the staffing needed at Marjorie Waite Court due to difficulties recruiting currently.
- 38 There is currently projected to be an overspend of £230k on the Community Care team arising from Riccall Carers going into administration and the subsequent transfer of staff to the Council.

### **Education and Skills**

- 39 Education Psychology is predicted to overspend by £74k, mainly due to an unbudgeted post costing £43k and unachieved vacancy factor of £29k.

- 40 The Home to School Transport budget was already in a historic overspend position of approximately £200k. The savings targets for the SEN element of home to school transport have not been achieved because of a growth in the number of pupils/students requiring transport and the specialist requirements of that transport. The main increase in numbers have been at post 16/19 where because of the city now being able to provide more specialist education provision for this group of students more locally, subsequently we have had to provide more transport to the likes of York College, Askham Bryan, Choose 2 and Blueberry Academy. The changes in legislation to allow EHCPs to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly.
- 41 The overall overspend on Home to School transport is now predicted to be £283k. The main pressures are on SEN taxi transport budgets, but an additional pressure has been created due to the need for three additional buses as a result of increased numbers of children eligible for transport to Huntington and Fulford schools, offset by an increased allocation of Extended Rights for Free Travel grant for 2021/22.
- 42 Underspends are projected in both the Governance Service (£33k) due to increasing external income for services, and in Early Years (£30k) due to savings on non-staffing budgets and the effect of an increase in the 5% Early Years block contribution.

### **School Funding and Assets (including DSG)**

- 43 The DSG position at 1st April 2021 is a deficit of £9.940m. Detailed work is ongoing to assess the 2021/22 position taking into account the savings already agreed as part of the budget process. At present the likely in-year deficit for 2021/22 is in the region of £3.5m, an improvement of approximately £1.5m on the final 2020/21 position. However this position will increase the overall deficit to approximately £13.5m at the end of 2021/22. Detailed work is ongoing to put in place a recovery plan to bring the position back to an in year balance.

### **Place**

- 44 The Directorate is currently forecasting an underspend totalling £341k (including commercial portfolio). Close monitoring will continue to ensure that this position is maintained through the remainder of the financial year.
- 45 There is a continued shortfall in commercial waste income (£302k) as the service is still returning to normal operating levels. The government

income compensation scheme has continued for the first quarter of 2021/22 which requires councils to fund the first 5% of shortfalls and then will split the balance 75% government funding and 25% council funded. This compensation is assumed within the forecast. For the remainder of the year income levels will continue to be monitored as it is uncertain to what level income will recover.

- 46 Recyclate sales have been at levels at approximately 50% above budget due to high commodity prices and forecast to outturn £300k higher than budget. This is offset by additional costs from processing comingled waste £75k and recycling banks £45k.
- 47 Whilst Transport is forecast to outturn broadly in line with budget there are a number of pressures across the service. These include reduced income and increased staffing costs within highway regulation and IT costs relating to the implementation of the permitting system (£200k). There have been higher CCTV monitoring and maintenance costs (£100k). There are forecast savings as Concessionary Fares payments are lower than budget as passenger numbers remain lower than budget assumptions.
- 48 There was a shortfall of income in quarter 1 of £186k (-10%) due to lower revenues in April. This is being funded from a combination of Covid Grant and Sales Fees and Charges compensation. Parking levels recovered from mid-May as retail and hospitality venues reopened. Over the school summer holidays income was 30% above budget and has been approximately 20% above budget at other times. There has been reduced income from contract parking as city centre workers have changing working patterns. There has also been lower than budgeted Respark income as the new IT system is implemented.
- 49 For the remainder of the year whilst income from off street parking is assumed to be broadly in line with budget there are anticipated shortfalls from season ticket revenues and penalty charge notices. Preliminary forecasts are a surplus of £309k after taking into account the Government compensation scheme.
- 50 There is a forecast shortfall in planning fees of c 10% (£157k) which have not fully recovered to budgeted levels.
- 51 Within Housing, Economy & Regeneration the main forecast variance relates to the reimbursement of Business Rates paid for Alliance House (£530k). This underspend is offset by a forecast overspend on commissioning design and facilities management (£217k) which is a combination of additional costs and reduced income.



## **Housing Revenue Account**

- 52 The Housing Revenue Account budget for 2021/22 was set as a net surplus of £741k. There were carry forwards of £2,819k agreed as part of the outturn report meaning the revised budget stands as a £1,599k deficit. Overall, the account continues to be financially strong and is forecasting a nil variance against this revised budget.
- 53 Repairs are forecasting to come in on budget this year as at quarter 3. The team continues to tackle the backlog of general repairs and the turnaround of voids is improving with the numbers reducing from 171 to 118 over the last two months following the appointment of two new contractors.
- 54 The bad debt provision budget remains at a prudent level and the adjustment to the provision at year end is forecast to be lower than budget by c£50k. The debt level is lower than forecast due to the delay in the Housing Delivery Programme and the interest rate is lower than that forecast in the business plan resulting in a projected underspend of £408k.
- 55 The HRA working balance position as at 31st March 2021 was £28.8m. The HRA projected outturn position means the working balance will reduce to £27.2m at 31st March 2022. This compares to the balance forecast within the latest business plan of £26.8m.
- 56 The working balance has been increasing in order to start repaying the £121.5m debt that the HRA incurred as part of self financing in 2012. The current business plan assumes that reserves are set aside to enable to the debt to be repaid over the period 2023/24 to 2042/43.

## **Corporate Services, including Customers & Communities and Public Health**

- 57 Overall the remaining Council services are expected to outturn within budget. There are a number of minor variations being managed and work will continue to try and identify additional savings to help the overall position.

## **Corporate Budgets**

- 58 These budgets include Treasury Management and other corporately held funds. It is anticipated that overall a £800k underspend will be

achieved, predominantly as a result of reviewing capital financing assumptions.