Annex 1 – Directorate Financial Summaries

Children's Social Care

1 A net overspend of £7,732k is forecast, primarily due to children's social care. The number of Children Looked After (CLA) in York was consistently at a higher level than the budget was built to accommodate. The number at the beginning of the financial year was 281 and as at the end of September it is 273.

2 The placement budgets overspent by a total of £5,147k in 2022/23. This figure is made up of variances of £745k on local Fostering placements, £650k on IFAs, £314k on adoption/SGO/CAO allowances, £2,506k on the General Fund element of Out of City Placements, £741k on Wenlock Terrace and £191k on Leaving Care placements.

3 The pressure on this budget 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 will continue to worsen the position. The big increase is within the placement at Wenlock Terrace as this is now forecasted to the year end and is our highest weekly placement cost >£20k per week.

4 In addition, there is a projected overspend in the Corporate Parenting staffing teams of £423k due to additional Working With York and agency staff and a net overspend on Inter-Agency Adoption Fees of £58k.

5 Safeguarding Interventions is projected to overspend by £277k. This area now has 5 budgeted teams to provide additional capacity to assist in the improvement journey being undertaken. This is to deal with the continued higher number of cases and still requires some WWY and agency staff to cover vacancies. In addition, Legal fees are forecast to overspend by £233k.

6 Staffing budgets within Children's Social Work Services are predicted to overspend by £322k. This is mainly due to temporary staffing across the service, which the directorate is working to eliminate with permanent appointments.

7 There is a projected overspend of £411k in the Referral, MASH and Assessment teams. This is due to the current temporary staff in this area until permanent appointments are made.

8 A projected overspend in Disabled Children's Services of £533k is mainly overspends on short breaks and direct payments £471k, again due to the CLA numbers being above the budgeted level.

9 There are two significant variations in Education and Skills. The first is the Home to School Transport budget, which was already in an historic overspend position due to increase in numbers for post 16/19 and the increasing trend of trying to provide more specialist education provision for this group of students more 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 establishment such as York College, Askham Bryan, Choose 2 and Blueberry Academy.

10 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.

11 The projected position is an overspend of £600k at this point. However, the new taxi contracts have just been implemented and officers are working urgently to understand the implications of these new contracts on the budget. In addition, our bus operator (Pullman) is requesting a significant uplift in the contract price to reflect their rising costs of delivery, and this will result in further negotiations to reach a fair agreement. Further clarity will be available shortly to be included prior to PH/CMT

12 Staff resourcing issues in the SEND Statutory Services Team, and the need to resource this work to progress the Safety Valve targets has resulted in a significant number of agency staff being appointed into this team over the period from April to date. The majority of the roles have now been permanently filled but the result is a predicted overspend in 2022/23 of £449k. Work is ongoing on these projections to assess where some existing temporary contracts may be ended earlier than currently projected, and where vacancies can reduce this projection.

Dedicated Schools Grant

13 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.

14 The main pressure is 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.

15 The brought forward balance on the DSG at 1 April 2021 was a deficit of £9.940m. As a result of the 2021/22 in-year overspend the cumulative deficit to carry forward to 2022/23 would have been £13.443m. However, following discussions with officials from the DfE and ESFA, the Safety Valve Agreement was secured, resulting in an additional payment of £7.6m of DSG on the 31 March 2022. This reduces the cumulative deficit carried forward into 2022/23 to £5.843m.

16 This additional funding represents the first payment under the Safety Valve agreement, which 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.

17 The Office of the Director and Central budgets are predicted to overspend by £71k in total for 2022/23, mainly due Directorate Management Team costs incurred from interim appointments to cover for the vacant DCS post, and advertising costs for the Director and AD posts.

18 To date, the following mitigations have been identified:

- A review of temporary staffing in the SEND service to reduce the projected overspend reported above. This could save up to £80k.

- The use of a contingency being held as part of the ESIF project which ended on 31st December 2021. Although still subject to audit and some possible clawback it is felt that a £100k reduction in this contingency can be safely actioned.

- Use of an additional £50k of Pupil Premium Grant income to support the activities of the Virtual School, reducing the general fund cost for the remainder of 2022/23.

- A review of all temporary staffing in Childrens Social Care with a view to reducing the number of agency staff currently included in the projections. An expenditure reduction of £170k has been identified to date based on decisions to end a number of contracts sooner than initially projected.

19 Further areas also being investigated include the following:

- A detailed assessment of the General Fund growth included in the 2022/23 base budget for expenditure transfers from the DSG to determine if all is required in the first year.

- Consider placing a restriction on all discretionary spend and hold recruitment to vacant posts wherever possible and safe to do so.

- Consider whether any of the savings proposals in development for 2023/24 can be implemented early to deliver additional short term and on-going savings.

- Review the level of expenditure to be committed from specific unbudgeted in year grants with a view to generating a one-off saving.

Adult Social Care

20 The projected outturn position for Adult Social Care is an overspend of £2,192k. This assumes that £2,692k of previously agreed savings and mitigations will be made by the end of the year. In addition to this £1,940k of further mitigations have also been identified in order to bring the projected overspend down.

21 Some of the main pressures on the ASC budget include:

- Market prices for beds currently higher than CYC standard rates.
- Providers requesting increases above 3% - an open book accounting exercise has been developed for home care agencies asking for increases
- Inability to recruit to vacancies leading to use of more expensive agency staff

22 Not all of these pressures are fully reflected in the current projections so may add to the current forecast. Given the level of savings and mitigations still to be made it is unlikely that any further mitigations on top of those already included will be achieved in year.

23 Referrals into social care are continuing to increase and remain above pre pandemic levels. It should be noted however, that this is not translating into more or higher packages of care in the community. In addition, waiting lists are being reduced without this work converting into more care in the system

24 £357k of the Older People's Accommodation Programme is being held back against the overspend this year. In addition, it is expected that the budget for Preparing for Adulthood customers will not be fully spent (£250k).

25 There is a projected underspend on staffing in the Commissioning Team due to vacancies (£98k), and the Carers Commissioned Services budget is also expected to underspend (£54K).

26 The Community Care budget is projected to overspend by around £258k. This is following the Council's decision to bring the service and staff of Riccall Carers in-house following the company going into administration and is largely due to spend on agency staff.

27 The Personal Support Service team budget is expected to overspend by £217k as difficulty in recruiting new care staff has meant an increased use of more expensive agency staff reported against this budget. The Night Care budget is projected to underspend by £63k due to vacancies in the team.

28 Yorkcraft is projected to overspend by £83k due to an underachievement of income (£97k) and failure to achieve a previous year's saving (£93k), offset by an underspend on staff due to vacancies.

29 Small Day Services are projected to underspend by £186k. This is largely due to vacancies as the service has been running at a reduced capacity following Covid, and in addition the Service Manager post is currently vacant. This service is currently being remodelled.

30 Be Independent is currently projected to overspend by £189k. There is still a budget gap of £130k which needs to be addressed and staffing is expected to overspend by £100k due to having a review manager post over establishment and also to an unfunded regrade of some posts in the team. The closure of the shop selling equipment to the public has resulted in a £48k budget pressure but is partially offset by the removal of the receptionist role facilitating these sales.. This is further offset by a projected underspend on equipment (£60k) and there is expected to be additional income once Medquip moves into the site at James Street.

31 Older People permanent residential care is projected to overspend by £640k. This is largely due to the average weekly cost per customer being £62 a week higher than in the budget and there are also 9 additional customers by the end of Q2.

32 Permanent Nursing Care is projected to overspend by £616k. The average weekly cost per customer is £75 more than in the budget, and there are currently three fewer health funded customers than assumed when the budget was set.

33 The Older People Community Support Budget is projected to overspend by £317k. This is due to the average weekly cost of an exception placement being £178 more than in the budget and the average number of weekly hours of homecare provided by framework providers has increased by 158 since the budget was set.

34 The Older People Direct Payments budget is projected to overspend by £175k, largely due to the average weekly cost per customer being £60 a week higher than in the budget (£149k) and there are also 3 additional customers since the budget was set.

35 The Physical & Sensory Impairment (P&SI) Direct Payment budget is projected to overspend by £328k largely due to the average weekly cost per customer being £69 more than in the budget (£415k). This is slightly offset by having one more health funded customer.

36 P&SI Supported Living schemes are currently projected to overspend by £284k due to the average cost per customer being £176 a week more than in the budget and in addition the number of customers receiving health funding has fallen and the average rate of health funding per customer is also below budget.

37 There is a projected overspend on staffing across the Hospital Discharge Team, ASC Community Team and ISS Team budgets of £335k largely due to the use of agency staff to cover vacancies, sickness and maternity leave.

38 There is expected to be an overspend of £428k on the Learning Disability Community Support budget due to the average weekly cost of a homecare placement being £172 more than in the budget (£320k) and in addition there are 7 more customers than was assumed when the budget was set (£103k).

39 Learning Disability direct payments are projected to overspend by £475k. This is due to the average cost per customer being around £132 a week more than in the budget (£827k), together with having two fewer customers receiving health funding than when the budget was set (£60k). This is offset by a projected increase in the value of direct payment reclaims based on recoveries made to date (£410k).

40 The Learning Disability nursing care budgets are expected to overspend by £168k. This is largely due to there being two more customers than was assumed in the budget.

41 The budget for Learning Disability permanent residential placements is expected to overspend by £838k. The average weekly cost of a working age placement is £187 more than in the budget (£535k), with 2 additional customers compared to budget (£103k). In addition, the average rate of health funding received per customer has reduced (£199k).

42 The Mental Health nursing care budget is expected to overspend by £183k, largely due to there being 3 more customers in placement than was assumed when the budget was set, one of whom has costs backdated to September 2021.

43 There is currently expected to be an overspend of £151k on staffing in the Safeguarding Team due to the use of agency staff, partly to cover vacancies, but also some of the agency hours are above the establishment of the team. There has been a significant increase in the number of referrals to the Safeguarding Team which all require investigation.

44 To date, the following mitigations have been identified:

- £500k from the more effective use of Step Up Step Down beds
- Increasing the level of health contributions towards the cost of individual packages will generate £200k and a further £200k from uplifting existing funded packages for annual inflation
- Managing the costs of children preparing for adulthood and reducing by £200k

45 Further areas also being investigated include the following:

- Reviewing the effectiveness and use of 24-hour support at home
- Ensuring all new packages of care have explored the use of telecare before being agreed
- Further scrutiny of double up care packages to ensure they adequately meet the needs of the individual
- Work underway on reducing use of expensive agency staff. Teams have been asked to identify social work tasks and non-social work tasks to explore different models of delivery.

- Heads of services to reduce the burden of any duplicate processes that takes time away from assessment

Place

46 The directorate is forecast to outturn on budget (including commercial portfolio). This includes £1,816k forecast inflation pressures offset by forecast directorate underspends, the maximising of external funding opportunities and the use of reserves to support the position where required.

47 The council like many other organisations have been impacted by the increased costs of energy. Electricity costs increased by 128% from April 2022 which added approximately £1.0m to costs compared to 2021/22 whilst gas has seen increases of 400% to date adding a further £400k to costs. There are further increases from 1st October in relation to gas prices although it is assumed they will be mitigated by the government price cap from October 2022. Due to the uncertainty these costs will be regularly reviewed and reported back to Members. Fuel costs have also been significantly higher during 2022/23 than budget and this has added circa £400k additional pressures. There have been additional inflationary pressures that are also being managed within the overall Place budget. These will be continually monitored as to whether they impact the year end expenditure.

48 There is a forecast underspend (£1,078k) across waste disposal mainly due to recyclate sales which are at levels above budget due to high commodity prices. Income levels are currently forecast at £900k above budget, there is a risk to this forecast should prices change significantly. There is also a windfall receipt (£178k) in connection with the AWRP contract in relation to lower than assumed contract insurance costs.

49 There is a continued forecast shortfall in commercial waste income totalling £210k based on current service levels. Income will be monitored and reviewed as it is still uncertain to what level income will finally recover.

50 Car park income to 30th September has remained strong across the city at approximately 20% ahead of budget. This has resulted in additional income of £750k in the year to date. This has been offset by reduced Respark income particularly from visitor badges and season tickets (£50k). The projection to the end of the years has increased to £1m above budget based on current trends however this will be impacted by the economic performance of the city particularly in the

weeks leading to Christmas. The forecast will be updated regularly throughout the year.

51 Current monitoring indicates a forecast shortfall in planning fees of £350k. This will be monitored closely and the profile of planning income will be reviewed in light of the impact of the Local Plan.

52 The Local Plan examination will take place in 3 phases during 2022/23. Members previously agreed costs of up to £500k would be funded from the waste reserve. The costs are currently estimated at up to £1,300k primarily due to the extended number of sessions that have been required which has led to increased costs from specialist staffing and legal support for the examination process. This additional cost can be met from the waste reserve.

53 There is a forecast shortfall in income on commercial property of £300k based on expected rent levels. This will be monitored closely as pressure may increase if occupancy and rent levels cannot be maintained. It is offset by a forecast saving of £100k across staffing budgets mainly due to vacant posts.

54 Across commissioning, design and facilities management there are expenditure pressures of up to £300k. This is due to security costs which are higher than budgeted (£115k) along with additional maintenance expenditure (£120k) and a shortfall in budgeted income from West Offices (£65k).

55 The overall directorate forecast also assumes that a number of income budgets including those across land charges, building control and licensing will outturn on budget. These will require monitoring throughout the year as there are potential pressures across services.

56 There are also a number of pressures across services faced by inflationary costs such as Transport and Highways however it is assumed that these can be mitigated by cost savings and a review of reserves.

Housing Revenue Account

57 The Housing Revenue Account budget for 2022/23 is a deficit of £347k. The rising cost of utilities is having a big impact on the HRA budgets as well as other inflationary rises such as the pay award and the cost of materials and repairs, with the overall forecast being £2m above the budget.

58 The cost of repairs to council housing stock has risen since the start of the year due to these inflationary increases in materials, sub-contractor costs and fuel rises. In addition, the pending national wage negotiations will contribute to the increase labour costs of the in-house workforce. As the level of these increases are higher than was forecast when the budget was set, the Repairs Team are expecting a pressure on the cost of maintaining our housing stock of around c£600k in 2022/23. The team are working to increase the number of jobs that are completed on the first visit to improve efficiencies and reduce sub-contractor spend in order to mitigate this increase.

59 Rental income for general needs properties is forecast to be £552k below budget due to the number of void properties across the portfolio. A third of these properties are long term voids, such as Glen Lodge and Bell Farm, where the properties are awaiting large scale capital works. The number of voids outside this category has decreased from 140 in June to 110 in October 2022, meaning more voids are being returned to re-let, than the number of empty properties received, each week.

60 The cost of gas and electric have increased far higher than the original forecast creating a pressure of c£808k above budget and the pay award is forecast to be a further £170k above the budget, meaning overall the HRA is forecasting a deficit position of £2.357m.

61 When taking out one-off expenditure items relating to revenue contributions to capital, the HRA is forecasting a loss of £600k in the year which is unsustainable in the long term. The Government have also completed a consultation on whether to cap rent increases in 2023/24 and 2024/25 to protect residents against the potential cost of rent increases. Whilst this is good news for residents (particularly those not in receipt of benefits), if the measure is not supported from government funding, this will put significant pressure on the HRA going forward as costs increase quicker than income. This will lead to savings being required from the HRA in future years.

62 The HRA working balance position as at 31st March 2022 was £29.57m. The HRA projected outturn position means the working balance will reduce to £27.2m at 31st March 2023. This compares to the balance forecast within the latest business plan of £29.15m. The current HRA debt totals £149m.

63 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

64 Overall the remaining Council services are forecasting an overspend of £693k.

65 Internal Business Support is forecast to overspend by £240k due to reduced income from schools for payroll services and not achieving the budgeted vacancy factor. Other variations include the non-achievement of approved budget savings in ICT (£200k),a £62k shortfall in income projected in Registrars) forecast impact of inflation on contracts for leisure facilities and libraries (£251k) and the continued pressure on Housing Benefit overpayments (£150k) as outlined in the 2021/22 outturn report. These overspends were offset by underspends in policy & partnerships (£67k) and finance & procurement (£62k) due to staff vacancies.

Corporate Budgets

66 These budgets include Treasury Management and other corporately held funds. A net underspend is forecast due to the early and increased delivery of a corporate saving. In addition, due to slippage on the capital programme, there has been a saving on interest and the cost of borrowing.