

**Report of the Director of Customer & Business Support Services**

**2015/16 Finance and Performance Monitor 1**

**Purpose of the Report**

- 1 To present details of the Council's finance and performance position for the period covering 1 April to 30 June 2015, together with an overview of any emerging issues. This is the first report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.

**Summary**

- 2 The forecast financial pressures facing the council are projected at £1,904k. This is an improvement from previous years where the monitor 1 forecast was £2,924k at this time last year and £3,722k in 2013/14.

**Recommendation**

- 3 Executive is asked to note the current finance and performance information  
Reason: To ensure expenditure is kept within the approved budget

**Analysis**

- 4 All aspects of the public sector are continuing to face challenging times in the light of the Government's commitment to reduce the national deficit as first outlined in the Comprehensive Spending Review (CSR) published in October 2010. As a result, in recent years the Council has had to deal with very large reductions in funding, combined with a range of significant pressures.
- 5 To provide some context to this, the Council:
  - has made £16.4m of savings over the period 2007/08 to 2009/10.
  - has made a further £74.2m of savings covering the period 2010/11 to 2015/16.
  - and has therefore made a total of £90.6m of savings over the 9 years covering 2007/08 to 2015/16.

- has since the 2010 CSR (2011/12-2015/16) experienced government grant reductions of some £37.6m, or 46%.

6 The Council's net budget is £119,760k. Following on from previous years, the challenge of delivering savings continues with £12m to be achieved in order to reach a balanced budget. Early forecasts indicate the Council is facing financial pressures of £1,904k and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

| 2014/15<br>outturn |   | 2015/16<br>Forecast<br>Variation |
|--------------------|---|----------------------------------|
| £'000              |   | £'000                            |
| +196               | Children's Services, Education & Skills | +1,113                           |
| +957               | City & Environmental Services           | +610                             |
| +98                | Communities & Neighbourhoods            | +257                             |
| -219               | Customer & Business Support<br>Services | nil                              |
| +193               | Adult Social Care                       | -177                             |
| +108               | Public Health                           | -59                              |
| +8                 | Office of the Chief Executive           | +160                             |
| -2,029             | Central budgets                         | nil                              |
| -688               | Total                                   | +1,904                           |

Table 1: Finance overview

7 The following sections provide more details of the main variations and any mitigating actions that are proposed.

### **Children's Services, Education & Skills**

8 Despite a reduction in the number of Children Looked After and a reduction in expenditure of almost £1m since 2012/13, the underlying budget pressure from previous years results in a net projected overspend within children's social care resources budgets. This includes forecast pressures on Out of City, Independent Foster Agency placements and contract placements (£548k, £540k and £144k respectively).

9 Within Children's safeguarding additional staffing costs of £163k are being incurred. This is due to extra staff being employed in excess of the numbers provided for within the budget to cope with the increased

demand. In addition, a number of vacant posts are being covered by more expensive agency staff also creating a budget pressure. Forecast pressures, due to increased complexity of cases, of £79k on The Glen, £169k on Adoption, Residence and Guardianship order and £96k on transport are partly offset by under spends on Inter Agency Adoption Fees (£79k), children's trust staffing (£54k), legal fees (£46k) and Special Educational Needs services (£43k).

- 10 It is considered that the current expenditure levels in this area are now at the appropriate level to ensure proper safeguarding arrangements and adequate provision. The number of Children Looked After is unlikely to reduce in the foreseeable future, and York's unit cost is already the lowest of all 150 Local Authorities nationally. Although opportunities to reduce costs further will continue to be explored any further savings in this area are likely to be limited. Therefore, options elsewhere within the directorate will need to be considered to produce a balanced budget for 2015/16.
- 11 A number of posts being kept vacant within early years learning & welfare and connexions services result in a forecast underspend of £262k. A range of smaller variations make up the overall directorate position.

### **City & Environmental Services**

- 12 There is a forecast shortfall from parking income (£136k). There have been technical issues with the payment machines and barriers at the Pay on Exit car park at Marygate, which are being addressed but are currently forecast to contribute to approximately half the shortfall. Actual income will continue to be monitored closely.
- 13 There is a forecast overspend of £149k due to the forecast shortfall in dividend from Yorwaste due to the company facing difficult trading conditions and £200k due to unachieved income targets from charges at the Household Waste Recycling Centre. In addition there are forecast savings in waste disposal from lower tonnages (£100k) and additional income from landfill gas (£100k).
- 14 There is a shortfall of £100k unachieved ANPR income due to the non-enforcement of Coppergate, £50k additional costs across CCTV mainly due to the use of temporary staffing and increased costs of £46k for traffic systems maintenance contracts due to additional system requirements. A range of other minor underspends and proposed mitigations make up the total directorate position.

## **Communities & Neighbourhoods**

- 15 There are a budget pressures being experienced in Learning Services of £83k where a restructure will be implemented over the coming months and £85k in leisure due to Waterworld.

## **Customer & Business Support Services**

- 16 A range of budget variations is currently forecast however, mitigation plans are in place to ensure the directorate outturns within the approved budget. Work will continue to try and identify additional savings to help the overall position.

## **Adult Social Care**

- 17 Despite continued pressures due to demographic changes, the directorate is forecasting an overall underspend for the year of £177k.
- 18 There is a net projected underspend of £66k on staffing budgets due mainly to some posts being held vacant pending a review of the service.
- 19 Residential and nursing care budgets are projected to underspend by £157k. This is due to a projected increase in Continuing Health Care income being secured of £391k, offset by the costs of a projected net additional placement requirement for 9 customers in excess of the number assumed when the budget was set.
- 20 Based on the number of Deprivation of Liberty Safeguards (DoLS) assessments carried out to date there is likely to be an underspend on this budget of £128k.
- 21 There is a projected overspend of £132k within Older Peoples Home budgets. This is due to net additional staffing costs of £186k, mainly in respect of care assistant costs that have been maintained beyond the originally budgeted for dementia matters pilot period (+£74k) and additional service manager costs (+£49k). This is partly offset by net additional income of £50k due to higher than expected occupancy levels.
- 22 Small Day Service and Supported Employment budgets are projected to underspend by £141k due mainly to staffing savings resulting from a number of vacant posts across the service. In addition, based on current and projected placement numbers, there is expected to be a net underspend of £65k within the Supported Living Scheme budgets.
- 23 The directorate's budget for 2015/16 includes a requirement to deliver savings totalling £1.3m from the on-going work being undertaken on service transformation. To date savings of £1,064k have been identified

leaving a budget pressure of £236k. Other pressures within the director's staffing budget and redundancy costs account for the remaining £38k projected overspend.

## **Public Health**

- 24 Within Public Health there is a forecast underspend of £59k. The main underspends come from Substance Misuse (£40k) and reviewing provision of emergency hormonal contraception (28k). This does not take account of the proposed in year reduction in public health grant as Government is still consulting on the method for apportioning this reduction. If taken as a straight 7% reduction across all councils this would be approximately £520k for York.

## **Office of the Chief Executive**

- 25 A range of budget variations is currently forecast, mainly due to staffing pressures following a number of restructures across the directorate. Mitigation plans are being developed to address these pressures.

## **Housing Revenue Account**

- 26 The Housing Revenue Account is budgeted to make an in year surplus of £2.6m. A review of the budgets in the area shows that, overall, the account is expected to outturn on budget and there are no significant pressures to report at this time. The working balance of £14m at 31/3/15 will therefore increase to £16.6m by 31/3/16 in line with the HRA business plan.
- 27 Work is currently in progress to update the HRA business plan following the recent government announcements to require councils to sell their high value properties when they become vacant and to reduce social housing rents by 1% per year for the next four years. While the full extent of the impact of these changes is not yet known, the HRA will be required to make significant efficiencies in order to mitigate the reduction in income without reducing the HRA balance below prudent and sustainable levels.
- 28 To give some idea of the scale of these changes and their impact on the HRA, the requirement to reduce housing rents by 1% could potentially reduce income by up to £12m over a 4 year period. This is because the business plan assumed annual rent increases of approximately 3% pa. The requirement for a 1% reduction therefore results in a swing of some 4%.

## **Corporate Budgets**

- 29 These budgets include Treasury Management and other corporately held funds. At this early stage in the year there is no variation to report on these budgets. However, they will continue to be closely monitored to identify any potential underspends.

## **Loans**

- 30 Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. The only loan in this category is that of £1m that was made to Yorwaste, a company part owned by the Council, in June 2012. Interest is charged at bank base rate plus 1% and all repayments are up to date.

## **Performance**

### **Children's Services, Education & Skills**

- 31 The number of Children Looked After is 201 at Q1 end, which is stable within the expected safe range. The number of children subject to a Child Protection Plan continues last year's trend and remains at a lower level than previous years.
- 32 The key areas of financial pressure relate to Children Looked After, so whilst there is good control around the overall numbers, the costs of Independent Fostering Agency places, and out of area placements will continue to be an issue. It is, therefore, an increasing priority for progress to be made in several aspects of the Children's Services transformation to create different options which allow a higher proportion of York's looked after population to remain in the city.
- 33 The Key Stage 2 results will be reported at Quarter 2. Work continues across the city to focus on narrowing the gap in attainment between those in receipt of free school meals and their peers. The York 300 project is providing analysis of the progress of year 6 pupils in receipt of free school meals and this will continue to be monitored in support of this work.
- 34 Children in academic years 12 to 14 who are Not in Education, Employment or Training remained low in Q1 at 4.7%. However, good initial participation outcomes for year 11 leavers are impacted by a significant dropout rate from post 16 provision, and this should continue to be monitored.

## **City & Environmental Services**

- 35 427 missed bins were reported between April and June with 58% put right by the end of the next working day. Although the number of missed bins has halved compared to the same period in 2014/15, the percentage put right within timescale has also fallen. In Q1 2014/15 there were 858 missed bins with 73% put right by the end of the next working day.

## **Communities & Neighbourhoods**

- 36 The number of homeless households in temporary accommodation increased to 71 at the end of Quarter 1 from 65 at the end of 2014/15. Positive action prevented homelessness for 191 households in the quarter, an improvement compared to 179 during the same period last year.
- 37 There were 2,986 reported crimes in Q1 2015/16 which is 245 higher than during the same quarter in 2014/15. Anti Social Behaviour call for service recorded by North Yorkshire Police remained consistent with levels seen in Q1 2014/15 at 2,454.
- 38 61 reports of graffiti were made between April and June 2015 (up from 47 in the same period last year) with obscene graffiti taking an average of 0.7 days to remove (around half the average for 2014/15). However, non obscene graffiti took an average of 2.8 days to remove, a drop in performance compared to 2014/15.

## **Customer & Business Support Services**

- 39 The first quarter call volumes in customer services are the heaviest of the year following annual council tax billing. The numbers were 66,218 for general enquiries and 8,114 for Benefits with 81.6% and 82.5% of the calls being answered respectively. The target answer time is 20 seconds and the first quarter performance was 45% (general enquiries) and 59.1% (Benefits). The overall performance continues to rise into the second quarter 2015/16. The number of residents visiting the customer centre in the first quarter was 17,504 with 65% being seen within 10 minutes. Customer satisfaction from those customers who have responded is 69% face to face and 98% where they have phoned. Work is being undertaken to improve customer response rates to the satisfaction survey.
- 40 The collection rate for Council Tax at the end of quarter 1 was 29.81%, an increase of 0.3% on quarter 1 in 2014/15 (each 0.1% equates to £93k). Business Rate collection was 32.27%, an increase of 2.69% above quarter 1 in 2014/15 (each 0.1% equates to 106k).

- 41 Housing Benefit performance remained consistently on target for the second consecutive quarter at the end of June 2015. The average time for new claims being 15 days, change of circumstances 10 days and the combined average 11 days. This places York as the second best performing authority within our benchmarking group of local unitary councils.
- 42 Total Council sickness absence (excluding Schools) averaged 2.2 days per FTE in Q1, slightly lower than 2.7 days during the same period in 2014/15. Stress absence was also slightly lower in Q1 2015/16 than in Q1 2014/15 (0.6 and 0.7 days per FTE respectively).

### **Adult Social Care**

- 43 Whilst financial information shows clear control at present, there remains a high level of demand and pressure. The delay in the implementation of the second part of the Care Act will reduce some pressures, but there is potential for a sustained increase in assessments, based on the publicity around the Act. The demand at the “front door” will continue to be monitored carefully.
- 44 Overall figures on delayed discharges over the last year showed some improvement. However, this remains an area of concern and weekly “SitRep” meetings continue with health colleagues to retain a focus.
- 45 Permanent admissions figures now show York around the regional and national average, which is a significant improvement. However, pressures across the homecare sector in the city continue to be an issue, with the ability of providers to recruit staff a key factor. Work to implement a key worker scheme continues in mitigation of this risk, along with a continued focus by the commissioning team in partnership with providers.
- 46 The assessment of people in relation to Deprivation of Liberty Standards is an area where the authority has significant pressures, and although efforts are being made to streamline the process, it requires significant resource. Whether the demand can be met by the existing resource with improved processes is not yet clear, so there is potential for the under spend in this area to disappear.

### **Public Health**

- 47 New data continues to show that York is a relatively healthy city. The prevalence of smoking, at 15.8%, is significantly below the national



average, whilst new data on 15 year-olds smoking shows this to be similar to the national average.

- 48 York has more active adults than national average, which has a wide variety of health benefits. However, there has been an increase in alcohol related admissions to hospital, which puts York at a similar rate to the national picture.
- 49 Over the first two years of the GP health check programme, a similar percentage of people were offered health check as the national average. However, there was a lower take-up rate in York.

### **Office of the Chief Executive**

- 50 The York Open Data website launched in March 2015 with 285 data sets, attracting over 650 individual users to the site in the month. Between April and June 2015 this increased to 3,107 users visiting the site, with 1,382 downloads of the available data sets.
- 51 Much of the data on economic performance is released on an annual basis and numbers on Gross Value Added and average wages in the City, an area of concern in recent years, will be published in December.
- 52 Employment continues to be strong in the City as the number of Job Seekers Allowance claimants continue to fall. However, whilst the city centre has low vacancy rates compared to many other places, there has been a slight increase in the number of vacant city centre shops in Quarter One.

### **Consultation & Options**

- 53 This report is for information so no options are presented.

### **Corporate Priorities**

- 54 The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

### **Implications**

- 55 The implications are:
- Financial - the financial implications are dealt with in the body of the report.

- Human Resources - the HR implications of change is managed in accordance with established council procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate compulsory redundancies, such as vacancy controls, flexible working, voluntary redundancy / early retirement and extended redeployment. Where consideration is being given to the transfer of services to another provider TUPE will apply which will protect the terms and conditions of employment of transferring staff. A programme of support for staff who are going through change is planned which will help staff adapt to changes to the way they will need to work or to prepare for a move into a new role.
- Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.
- Legal - there are no legal implications to this report.
- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.
- Other - there are no other implications to this report.

## Risk Management

- 56 The risk management processes embedded across the council continue to contribute to managing the risk issues associated with major projects and key areas of service delivery.

|   |  |   |                            |
|---|--|---|----------------------------|
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| <b>Wards Affected:</b> All  |  |   |                            |
| For further information please contact the authors of the report                        |  |   |                            |

**Annexes:**

**Annex One – Priority Board Scorecards – *published online only***

**Glossary of abbreviations used in the report:**

ANPR - Automatic Number Plate Recognition

CSR -Comprehensive Spending Review

HR – Human Resources

HRA – Housing Revenue Account

TUPE - Transfer of Undertakings (Protection of Employment) Regulations  
2006