

**Report of the Chief Operating Officer
Portfolio of the Executive Member for Finance and Performance**

Finance and Performance Outturn 2021-22

Summary

- 1 This report provides a year end analysis of the overall finance and performance position. This is the final report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
- 2 As outlined in reports to Executive throughout the previous year, the COVID-19 pandemic has continued to have a significant impact on the Council's financial position and has adversely affected performance against a number of indicators.
- 3 However, the overall financial impact has been mitigated by continued financial support from Government in the form of a COVID support grant and the Contain Outbreak Management Fund. These one off grants have been used, in accordance with the grant conditions, to fund additional COVID related pressures across the Council thus preventing the need to use the general reserve to balance the overall position.
- 4 Within the overall position outlined in this report there are some significant pressures. However, the overall outturn position has been balanced through the use of COVID grants along with the early achievement of a corporate saving and increased income from parking and recycling.
- 5 The financial pressures outlined in this report and in annex one are mainly underlying and recurring pressures relating to social care. In particular, the cost of placements and agency staff within children's services. We have been able to mitigate these costs through the use of the one off COVID funding, but this funding will not be available in future years.
- 6 There remain considerable financial challenges looking ahead into 2022/23 and beyond. These challenges include the underlying pressures in both adults and children's social care, rising inflation and the current

“cost of living” crisis, all of which increase pressure on the Council’s already stretched budget. This is alongside the need to deliver £6.4m of ongoing savings as outlined in the annual budget report considered by Executive in February of this year.

- 7 The council’s overall financial health provides a strong platform upon which to meet these financial challenges and good progress has been made with the achievement of savings in the year. Whilst some areas have experienced slight delays, as set out in the report, overall progress is good and areas of delay have generally been mitigated by other savings in relevant areas.
- 8 The 2022/23 budget agreed in February 2022 provided for significant growth in adults and children’s services budgets and made proper provision for all known cost increases at that time. Since then, inflationary pressures have become apparent and further work is needed to identify ways to manage and mitigate this pressure.

Recommendations

- 9 The Committee is asked to:
 - 1) Note the year end position.
 - 2) Note the finance and performance information

Reason: to ensure significant financial issues can be appropriately dealt with.

Financial Summary

- 10 The council’s net General Fund budget for 2021/22 was £131m and the provisional outturn position is a net overspend of £2.6m funded from the use of COVID grant.
- 11 An overview of the outturn, on a directorate by directorate basis, is outlined in Table 1 below.

	21/22 net budget	21/22 Monitor 3 net forecast variation	21/22 draft outturn
	£'000	£'000	£'000
People	69,592	8,738	7,542
Place	21,772	-341	-1,842
Customers & Communities, Public Health & Corporate Services	22,182	0	+328
Central budgets	18,344	-800	-3,390
Sub Total		7,597	2,638
Contingency	-500	-500	0
Use of COVID grants		-2,000	-2,638
Use of earmarked reserves		-500	0
Total including contingency	131,390	4,597	0

Table 1: Finance overview

Directorate Financial Summaries

Corporate Services, including Customers & Communities and Public Health

- 12 Overall the remaining Council services have overspend by £328k. This is mainly due to under recovery of Housing Benefit overpayments (£339k).
- 13 Since the introduction of Universal Credit (UC) in 2013, there has been a steady reduction in Housing Benefit caseload as customers are moved onto UC (handled by the DWP). HB subsidy has reduced from £45m in 2013/14 to £25m in 2021/22. This in turn has resulted in a reduction in new overpayments being raised, the financial impact of which in 2021/22 is £360k. Whilst there is an increase in overpayments being recovered from UC by the DWP and invoiced debts to customers who have come off benefits entirely, this trend in terms of reducing HB overpayment income into the general fund will continue until all customers have migrated to UC and historic debts have been recovered.
- 14 Internal Business Support overspent by £343k 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 (£189k). These overspends were offset by underspends in policy & partnerships (£188k) and finance & procurement (£64k) due to

staff vacancies in both these areas. In addition, there were savings on West Office costs of £212k.

Corporate Budgets

- 15 These budgets include Treasury Management and other corporately held funds. The net underspend of £3.3m is due to the early delivery of a corporate saving planned for 2022/23. The budget report considered by Executive in February 2022 agreed a saving of £2m from a review of the Minimum Revenue Provision policy. This review was completed and the revised policy agreed at Full Council in February and therefore it has been possible to realise the saving in 2021/22. In addition, due to slippage on the capital programme, there has been a saving on interest and the cost of borrowing.

Reserves and Contingency

- 16 The February 2021 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.4m (equating to 5% of the net budget). At the beginning of 2021/22 the reserve stood at £6.9m and, as part of the budget report, approval was given to maintain this level of reserve in 2021/22 thus giving some headroom above the minimum level to take account of the continued risks facing the council, in particular the scale of future reductions on top of those already made. In addition, the budget report outlined significant risks associated with major capital projects, reduction in New Homes Bonus and health budgets. The report also contained a strong recommendation that revenue reserves should be increased over the next couple of years, in recognition of the current risks the council faces.
- 17 On the general contingency, it has been assumed throughout the year that this would be needed to offset forecast budget pressures. As the COVID grant has covered the outturn position, it is proposed that the unused contingency is carried forward into 2022/23 to help deal with the increased costs of energy as a result of rising inflation. This would be in addition to the budget of £500k in 2022/23, resulting in a contingency of £1m available to offset budget pressures already being experienced.

Loans

- 18 Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. There are 2 loans in this category. Both loans are for £1m and made to Yorwaste, a company part owned by the Council. The first was made in June 2012 with a further loan made in June 2017 as agreed by Executive in November 2016. Interest is charged on both loans at 4% plus base

rate meaning currently interest of 5% is being charged. All repayments are up to date.

- 19 In August 2020, Executive approved a letter of guarantee to the York Museums Trust providing them with access to a maximum of £1.95m over the next 2 years, should it be required, in order to secure the museums as a going concern. This support was required in the light of an estimated loss of revenue in 20/21 of £2.6m due to Covid-19. In June 2021 Executive agreed a further years extension of the letter of guarantee to 31 March 2023.
- 20 With the support of Arts Council England emergency grants and DCMS cultural recovery grant in 2020 and 2021 of £1.7m YMT have managed to open their venues around the various lockdowns. They have also cut staffing and costs to ensure they managed to minimise the losses that resulted from the loss of visitors and visitor income which is 70% of the income normally received
- 21 Having made a financial loss in 2021/22 they are projecting a further loss in 2022/23. The size of the loss will vary with the strength of the recovery in numbers of visitors, but is expected still to be affordable within their current retained reserves.
- 22 YMT have requested that the letter of guarantee be further extended by one year to 31 March 2024 as they will be operating with minimal reserves and will need the letter of guarantee extending in order for their auditors to be able to sign off their accounts as a going concern.
- 23 The continued backing of CYC in this way is also helpful to the current YMT bid for continued ACE funding for 2023 to 2026 of £1.2m per annum.
- 24 The letter of guarantee outlines the council's commitment to providing YMT with the funds should they be required, up to an amount of £1.95m, on receipt of evidence that the funds are required (i.e. that reserves and other income sources have been exhausted). This allows the Trust to demonstrate that they are a going concern, as well as providing the certainty that they need to continue to operate.
- 25 YMT are assuming improved visitor figures in 2022/23 and again in 2023/24 so that in the medium term there is evidence that they are able to operate with an income surplus and rebuild depleted reserves without the continuing need for a formal letter of guarantee.

Performance – Service Delivery

- 26 In spite of the many challenges that the organisation and City has faced over the last two years, performance across the wider organisation, not just the Council plan indicators, has continued to remain high and continues to compare favourably when benchmarked against other areas with similar characteristics to York. Whilst Covid and the actions taken to tackle the global pandemic have in places affected performance in the short-term, the general pattern for data and information monitored by the Council is that levels of resident and customer satisfaction, timeliness and responsiveness, as well as various directorate and service based indicators, have remained positive.
- 27 It is likely that due to impacts of COVID, a number of the Council Plan indicators will continue to see a change both in terms of their numbers and their direction of travel in future reporting periods. The majority of the performance measures within the Council Plan have a lag between the data being available, and the current reporting period and therefore impacts will not be immediately seen, and may occur over several years as new data becomes available.
- 28 Over recent months, the cost of living has continued to rise, due in part to the following:
- The Office for Budget Responsibility (OBR) forecast inflation to be above 7% until at least Q1 2023-24, which is much higher than originally forecast in October 2021. In response to higher inflation, interest rates have been raised from a low of 0.1% to 0.75% in March 2022.
 - In the year to March 2022, domestic gas prices increased by 28% and domestic electricity prices by 19%, due in part to a return of global gas demand as pandemic restrictions are lifted and lower than normal production of natural gas.
 - Food price inflation is expected to rise further reflecting the pass through of cost increases over recent months.
 - Benefits increased by 3.1% in April 2022, which is less than the current (and expected) level of inflation.
- 29 This crisis will have an impact on residents, particularly those from lower income families, and businesses in the city. A number of performance indicators across all eight council plan themes will be affected in the short term, with both financial and reputational impacts. These indicators will be monitored and reported on through performance management framework processes over the coming months.

- 30 The Executive for the Council Plan (2019-23) agreed a core set of strategic indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the eight outcome areas included in the Council Plan. 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.
- 31 Performance items around the Council plan topic “Open and Effective Council” are reported below, as historically other topics in the Council plan are reported to the other various scrutiny setups. See background documents for links to where this data has also been published at Executive.

An open and effective Council						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Forecast Budget Outturn (£000s Overspent / -Underspent) - CYC	£1,328 (excluding contingency) (2020/21)	£2,638 (excluding contingency) (2021/22)	➡	Quarterly	Not available	Q1 2022/23 data available in July 2022
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	8.8 (2020/21)	11.73 (2021/22)	➡	Monthly	CIPD Public Sector 2020/21 8	Q1 2022/23 data available in August 2022
Customer Services Waiting Times - Phone / Footfall / Webchat	00:00:16 (Phone) (2020/21)	00:01:28 (Phone) (2021/22)	➡	Monthly	Not available	Q1 2022/23 data available in July 2022
	90.60% (Footfall) (2020/21)	72.80% (Footfall) (2021/22)	➡	Monthly	Not available	Q1 2022/23 data available in July 2022
	96.20% (Webchat) (2020/21)	75.90% (Webchat) (2021/22)	➡	Monthly	Not available	Q1 2022/23 data available in July 2022
Number of days taken to process Housing Benefit new claims and change events (DWP measure)	3.14 (2020/21)	3.19 (2021/22)	➡	Monthly	Not available	Q1 2022/23 data available in July 2022
% of 4Cs complaints (grade 1 and 2) responded to 'In Time'	NA	84.15% (2021/22)	↑ Good	Monthly	Not available	Q1 2022/23 data available in July 2022
% of 4Cs complaints (grade 1 only) responded to 'In Time'	94.00% (2020/21)	80.71% (2021/22)	➡	Monthly	Not available	Q1 2022/23 data available in July 2022
CYC Apprenticeships	14 (2020/21)	24 (2021/22)	↑ Good	Quarterly	Not available	Q1 2022/23 data available in July 2022
FOI & EIR - % In time - YTD	82.17% (2020/21)	81.20% (2021/22)	➡	Quarterly	Not available	Q1 2022/23 data available in July 2022
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						

Average Sickness Days per FTE - CYC (Excluding Schools)

- 32 At the end of March 2022, the average number of sickness days per FTE (rolling 12 months) has increased to 11.73 days. In 2020-21, sickness had reduced in the authority by approximately 2 days per FTE, to 8.8 days per FTE, which is close to the LGA public sector for Yorkshire and Humber authorities average of 8 days. Since the start of Covid, although comparative figures are not yet available, all authorities in Yorkshire and Humber have seen a significant increase in sickness levels within the

whole workforce due to both Covid cases and increased pressures in frontline services. The increase in York's figures mirror other authorities and sickness cases continue to be closely managed to support employees wellbeing in the most appropriate way.

Customer Services Waiting Times (Phone / Footfall / Webchat etc)

- 33 Customer Service is the main point of contact for residents and business visitors. Similar to previous years, throughout Q4 demand increased as expected due to seasonal demand such as; Council Tax annual billing, queries relating to the £150 energy rebate and commencement of garden waste collections. The number of calls received increased to 53,574 (44,588 in Q3 2021-22), with 70% answered (37,230). 30.5% of calls were answered within 20 seconds. In addition, approximately 252 people contacted Customer Service for support due to the impact of COVID-19.
- 34 During Q4, 517 customers booked an appointment with Customer Service at West Offices and a further 3,361 'dropped by' and received support. This figure includes Probation Services, Registrars and Blue Badge assessments. The majority of people 'dropping in' can access services without having to come to West Offices. In addition to speaking to customers over the phone, the customer service team also responded to 12,781 e-mails (an increase from 12,174 in the previous quarter). Customer satisfaction remains high, with 95% of people rating the service as either good or very good. The system used to capture customer satisfaction levels will be replaced in May. One benefit of the new system is that the customer will be invited to take part in the survey as opposed to the current method which involves the CSR asking the customer if they wish to take part.
- 35 Customers are continuing to opt to access services using alternative means:
- 7,062 customers made payments using the auto payments facility
 - 16,943 people used the auto operator
 - 61% of issues available to report online were reported by customers on-line
 - There were around 1.9 million pages of the CYC website reviewed
 - Web chat is now available for Council Tax customers, with 1,315 customers using the chat service during Q4. 78% of customers waited no more than 20 seconds for their chat to be answered and 82% said they were satisfied with the service.

Number of days to process Benefit claims (currently Housing Benefit)

- 36 The average number of days taken to process a new Housing Benefit claim, or a change in circumstance, has remained stable, being just over

three days during 2021-22. York performance is above the most recent national average of 4.98 days (2020-21).

37 At the end of Q4 2021-22, all Covid-19 welfare support schemes came to an end. The Household Support Fund (HSF) that was introduced at the start of Q3 2021-22 was extended until September 2022 to meet the rising cost of living. The Government introduced an energy rebate of £150 at the start of Q1 2022-23. The York Financial Assistance Scheme (YFAS) fund which aimed at keeping residents in the community, along with emergency payments, continues to operate as normal. Welfare support provided during 2021-22 includes:

- Over 6,373 CTS customers helped with council tax (£75) with a total value to date of £478k in 2021-22
- 2,846 Local Covid Support Grants to families totalling £390k (scheme now closed)
- 6,905 Household support fund payments to families totalling £1,037k
- 3,182 Isolation Grants totalling £1,591k
- 1,000 YFAS Payments totalling £272k
- 400 Discretionary Housing Payments totalling £231k
- Mobile and internet access for digitally vulnerable residents totalling £10k

% of 4C's Complaints responded to 'In Time' / % of Grade 1 4C's Complaints responded to 'In Time'

38 In Q4 2021-22 there were 323 complaints dealt with as either a grade 1 or grade 2 complaint under the corporate 4Cs and 97.5% were responded to within their required timescales. This is a further improvement for in time performance compared to the last reporting quarter and the Corporate Governance team will continue to work with managers and services across the council to maintain this improvement.

CYC Apprenticeships

39 Apprenticeships continue to play an important role in providing opportunities for those entering the workforce or who need to reskill or upskill at both the council and within York.

- The number of CYC stand-alone apprenticeships only, which excludes those within schools or being completed alongside existing roles, was 24 at the end of March 2022. This figure has increased throughout 2021-22 from 13 at the start of the year and 19 in quarters 2 and 3.
- The published data for the first two quarters of 2021-22 (academic year) is also encouraging, with 730 new apprenticeships having been started by York residents in the six months to 31 January 2022. This equates to 72% of York's starts in the previous year and brings the total number of apprenticeships being undertaken to 2,080 (Q2 2021-22 academic year).

- 40 The council's own apprenticeship and levy transfer strategies continue to support local recovery. As of 31 March 2022, there were a total of 79 forms of apprenticeships active within the council and Local Authority Maintained schools, compared with 53 at 30 September 2021. It has been agreed that a comprehensive report on apprenticeships be available every six months. The latest Apprenticeships Update was submitted in April 2022:
<https://democracy.york.gov.uk/documents/s158685/Apprenticeships%20update%20EMDS%2026%20April%202022.pdf>

FOI/EIR and SAR - % In time

- 41 In Q4 2021-22, the council received 483 FOIs (Freedom of Information Act requests) and EIRs (Environmental Information Regulation requests) and 34 SARs (subject access to records request). We achieved an 85.81% in-time compliance for FOIs and EIRs and 73.33% for SARs. This shows an improvement in the timeliness of FOI/EIR responses since the last reporting quarter. Whilst there has been a small decrease for in time performance for SARs this quarter, the 'year to date' in time performance shows a small improvement. The Corporate Governance team and service area managers have already started working on identifying areas for sustained improvement for SARs.

Annexes

- 42 All performance data (and approximately 1,000 further datasets) within this document is made available in machine-readable format through the Council's open data platform at www.yorkopendata.org under the "performance scorecards" section.

Consultation

- 43 Not applicable.

Options

- 44 Not applicable.

Council Plan

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

Implications

- 46 The implications are:

- **Financial** are contained throughout the main body of the report.
- **Human Resources (HR)** There are no HR implications related to the recommendations
- **One Planet Council / Equalities** 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.
- **Legal** There are no legal implications related to the recommendations
- **Crime and Disorder** There are no crime and disorder implications related to the recommendations
- **Information Technology (IT)** There are no IT implications related to the recommendations
- **Property** There are no property implications related to the recommendations
- **Other** There are no other 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.

Contact Details

Authors:	Chief Officer Responsible for the report:		
Debbie Mitchell Chief Finance Officer Ext 4161	Ian Floyd Chief Operating Officer		
Ian Cunningham Head of Business Intelligence Ext 5749	Report Approved	✓	Date 30/06/22
Wards Affected: All			✓
For further information please contact the authors of the report			

Glossary of Abbreviations used in the report:

ACE	Arts Council England
CSR	Customer Services Representative
CTS	Council Tax Support
CYC	City of York Council
DCMS	Department for Culture, Media and Sport
DWP	Department for Work and Pensions

EIR	Environmental Information Regulation requests
FOI	Freedom of Information Act requests
FTE	Full Time Equivalent
HSF	Household Support Fund
ICT	Information and Communications Technology
LGA	Local Government Association
OBR	Office for Budget Responsibility
SAR	Subject Access to Records request
YFAS	York Financial Assistance Scheme
YMT	York Museums Trust