

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

**2022/23 Finance and Performance Monitor 1**

**Summary**

- 1 To present details of the overall finance and performance position for the period covering 1 April 2022 to 30 June 2022, 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.
- 2 This report highlights a number of known pressures that need to be carefully managed throughout the year, with mitigation strategies being in place and regularly monitored across all directorates. Through ongoing monitoring and identification of mitigation alongside a review of reserves and other funding, the Council will continue to make every effort to reduce this forecast position but 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.
- 3 We continue to see significant and ongoing pressure across both children's and adults social care budgets in particular. Within Children's these pressures are mainly in relation to Out of City placements and the continued use of agency staff. With Adults, the main pressures include the cost of care beds and also an inability to recruit to vacancies leading to the use of more expensive agency staff.
- 4 As outlined in the 2021/22 outturn report, considered by Executive in June 2022, many of the budget pressures are recurring whilst the mitigations that have allowed us to balance the budget were one off. Given the recent increases in interest rates, rising inflation and the ongoing pressures in both adults and children's social care it is therefore unsurprising that the early forecast is a significant overspend. Inflationary pressures are a particular challenge, adding some £4.5m to the overall forecast outturn. Further pressures are expected in respect of the budget

for pay award. Negotiations for the 2022/23 pay award are yet to begin, however the higher rates of inflation and cost of living crisis have emerged since the budget was set in February. Latest indications are that the 2022/23 pay settlement will be higher than the 2% allowed for in the budget.

- 5 Whilst the council's overall financial health provides a strong platform upon which to meet these financial challenges and good progress is being made with the achievement of savings, the forecast outlined in this report remains a matter of concern. The ongoing pressures within social care will again need to be addressed in the 2023/24 budget setting process.

### **Recommendations**

- 6 The Committee is asked to:
  - note the finance and performance information and the actions needed to manage the financial position

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

### **Financial Summary**

- 7 The gross financial pressures facing the council are projected at £8.7m but after mitigation and further action it is considered that this can be brought down to a net position of £6.7m.
- 8 As previously reported, there are serious underlying budget pressures across both adult and children's social care. Both adult and children's social care is operating in an extremely challenging environment and as a result additional funding of £7.6m was allocated across the People directorate in the 2022/23 budget.
- 9 This report highlights a number of known pressures that need to be carefully managed throughout the year, with mitigation strategies being in place and regularly monitored across all directorates. Through ongoing monitoring and identification of mitigation alongside a review of reserves, the Council will continue to make every effort to reduce this forecast position but it is likely 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.
- 10 A number of mitigations and cost control measures will need to be considered to ensure that there are additional expenditure controls in place to ensure a reduction in expenditure. Given the scale of the financial challenge, and the expected impact on budgets in future years due to inflationary and other pressures outlined above, 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 in order to protect front line services to vulnerable residents.

- 11 York is maintaining both sound financial management, and delivering priority services to high standards, during a continued period of significant financial challenge. Whilst the Council's track record of delivering savings and robust financial management provides a sound platform to continue to be able to deal with these and future challenges there remains a significant risk to ongoing service delivery and achievement of Council priorities that needs to be managed effectively.

### Financial Analysis

- 12 The Council's net budget is £135m. Following on from previous years, the challenge of delivering savings continues with £6.4m to be achieved in order to reach a balanced budget. Early forecasts indicate the Council is facing net financial pressures of £6.7m (after mitigation) and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below. The main variations and any mitigating actions that are proposed are summarised in Annex 1.

Service area	Net budget	2022/23 Gross Forecast Variation	Mitigation	2022/23 Net Forecast Variation
	£'000	£'000	£'000	£'000
Children & Education	22,365	7,280		7,280
Adult Social Care & Integration	49,544	1,750		1,750
Place	21,748	1,247	-500	747
Customers & Communities, Public Health & Corporate Services	24,655	1,193	-500	693
Central budgets	18,072	-2,729		-2,729
Sub Total		8,741	-1,000	7,741
Contingency	-1,000		-1,000	-1,000
Total including contingency	135,384	8,741	-2,000	6,741

Table 1: Finance overview

## **Directorate Financial Summaries**

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

- 13 Overall the remaining Council services are forecasting an overspend of £1,193k.
- 14 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 (which overall stands at £163k). Other variations include the non-achievement of approved budget savings in ICT (£200k), additional staffing costs not yet fully offset by income in Registrars (£126k), 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. In respect of the shortfalls in income, it is acknowledged that this is an early stage in the monitoring and it is anticipated that income generation may improve as they year progresses.

### Corporate Budgets

- 15 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.

### **Reserves and Contingency**

- 16 The February 2022 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.8m (equating to 5% of the net budget). At the beginning of 2022/23 the reserve stood at £6.9m and, as part of the budget report, approval was given to maintain this level of reserve in 2022/23 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.
- 17 Should the mitigation outlined in annex 1 not deliver the required level of savings in the current financial year then this reserve is available to support the year end position. However, in light of the ongoing financial challenges being faced by all councils it is now more important than ever to ensure the Council has sufficient reserves. Therefore, should it be the case that we need to draw down a substantial amount from this general

reserve in 2022/23, some growth will need to be included in the 2023/24 budget to ensure that reserves can be maintained at an appropriate level.

- 18 In addition to the general reserve of £6.9m there are a range of other earmarked reserves where funds are held for a specific purpose. These reserves are always subject to an annual review and these funds will again be reviewed on a quarterly basis and where appropriate to do so will be released to support the in-year position. Whilst this is a prudent approach that will ensure the financial resilience of the Council it is not a substitute for resolving the underlying overspends but instead allows time to develop future savings proposals in a planned way.
- 19 As in previous years a contingency budget is in place and this is currently assumed to be available to offset the pressures outlined in this report. The unused budget of £0.5m from last year, added to the base budget of £0.5m totals £1m available to offset the forecast overspend.

## **Loans**

- 20 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 5.25% is being charged. All repayments are up to date.

## **Performance – Service Delivery**

- 21 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.
- 22 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.

- 23 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. For 2022-23, the OBR forecast inflation to average 8%, more than double its previous forecast of 3.7%. Inflation reached 9.1% in May 2022, which indicates that inflation for Q2 2022 will almost certainly surpass the forecast. In response to higher inflation, interest rates have been raised from a low of 0.1% to 1.25% in mid June 2022.
  - In the year to May 2022, domestic gas prices increased by 95% and domestic electricity prices by 54%, due in part to a return of global gas demand as pandemic restrictions are lifted and lower than normal production of natural gas.
  - In a mid-June report, the Institute of Grocery Distribution anticipated annual food price inflation to be around 11% in 2022, peaking at 15% this summer.
  - Benefits increased by 3.1% in April 2022, which is less than the current (and expected) level of inflation.
- 24 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.
- 25 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.
- 26 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	£2,638 (excluding contingency) (2021/22)	£7,741 (excluding contingency) (Q1 2022/23)	➔	Quarterly	Not available	Q2 2022/23 data available in October 2022
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	11.73 (2021/22)	12.68 (Prov) (May 2022)	➔	Monthly	Public Sector (Y&H) 2020/21 8	Q1 2022/23 data available in August 2022
Customer Services Waiting Times - Phone / Footfall / Webchat	00:01:28 (Phone) (2021/22)	00:02:07 (Phone) (Q1 2022/23)	➔	Monthly	Not available	Q2 2022/23 data available in October 2022
	72.80% (Footfall) (2021/22)	73.00% (Footfall) (Q1 2022/23)	➔	Monthly	Not available	Q2 2022/23 data available in October 2022
	75.90% (Webchat) (2021/22)	NC (Webchat) (Q1 2022/23)	➔	Monthly	Not available	Q2 2022/23 data available in October 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 August 2022
% of 4Cs complaints (grade 1 and 2) responded to 'In Time'	84.15% (2021/22)	94.23% (Q1 2022/23)	↑ Good	Monthly	Not available	Q2 2022/23 data available in October 2022
% of 4Cs complaints (grade 1 only) responded to 'In Time'	80.71% (2021/22)	88.73% (Q1 2022/23)	➔	Monthly	Not available	Q2 2022/23 data available in October 2022
CYC Apprenticeships	24 (2021/22)	25 (Q1 2022/23)	↑ Good	Quarterly	Not available	Q2 2022/23 data available in October 2022
FOI & EIR - % In time - YTD	81.20% (2021/22)	84.90% (Q1 2022/23)	➔	Quarterly	Not available	Q2 2022/23 data available in October 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)

- 27 At the end of May 2022, the average number of sickness days per FTE (rolling 12 months) has increased to 12.68 (provisional) 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 exact comparative figures are not yet available, all authorities in Yorkshire and Humber are reporting a significant increase in sickness levels within the whole workforce due to both Covid cases and increased pressures in frontline services.
- 28 On top of day-to-day managerial practices for sickness cases, additional work is underway to assist and remind managers of the support and services that employees can access as well as the managerial role in ensuring the wellbeing and absence management of those employees absent, or those who remain at work but showing signs of reduced resilience. Managers are being reminded of the importance of timely absence support for individuals and teams, and employees are reminded of the self care that they need to exercise to ensure that they are able to perform their roles effectively.

29 CYC saw a significant increase of Covid cases towards the end of the quarter, which although now falling will continue to increase the overall sickness figure in further quarters. Internally, business continuity plans are in place to ensure that services are able to be resilient to the fluctuating peaks and troughs of Covid infections, and it is likely that absence levels associated with Covid will return in the late Autumn / Winter, when combined with other reason for absence, which will further impact on our absence levels.

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

30 Customer Service is the main point of contact for residents and business visitors. Similar to previous years, throughout Q1 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 56,253 (53,574 in Q4 2021-22), with 74.5% answered (41,925). 30.1% of calls were answered within 20 seconds.

31 During Q1, 452 (517 in previous quarter) customers booked an appointment with Customer Service at West Offices and a further 5,382 (3,361 in the previous quarter) '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 13, 492 e-mails (an increase from 12,781 in the previous quarter). Customer satisfaction data is still to be validated following the introduction of a new, automated way of capturing customer feedback.

32 Customers are continuing to opt to access services using alternative means:

- 9,651 customers made payments using the auto payments facility
- 15,350 people used the auto operator
- 57% of issues available to report online were reported by customers on-line
- There were around 1.2 million pages of the CYC website reviewed

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

33 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).



34 The first quarter of 2022-23 saw the introduction of the Energy Rebate (£150), the second Household Support Fund (HSF) and payment to qualifying businesses of the Covid Additional Relief Fund (CARF). The YFAS fund aimed at keeping residents in the community, and providing emergency payments, continues to operate as normal. Business and Welfare support provided during Q1 2022-23 includes:

- Household Support Fund – 3,600 applications for payments to families and pensioners in receipt of Council Tax Support, and also customers in receipt of Enhanced rate PIP/DLA - totalling £500k
- 57,000 Energy Rebate payments of £150 totalling £8.5m which accounts for 77% of qualifying residents
- Discretionary Energy Rebate payments will be open for applications in July
- CARF payments to 1,000 businesses totalling £4m
- 66 Discretionary Housing Payments totalling £55k

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

35 In Q1 2022-23 over 94% of corporate complaints/the 4Cs (grade 1 and 2) were responded to within their required timescales which is a very positive improvement from 84.15% in 2021-22. The grade 1 corporate complaints/the 4Cs, responded to in time, also showed a marked improvement from 2021-22 (up from 81% to 89%). The Corporate Governance team continues to work across the council to maintain this improvement.

#### **CYC Apprenticeships**

36 The number of CYC stand-alone apprenticeships only, which excludes those within schools or being completed alongside existing roles, was 25 at the end of Q1 2022-23. This figure increased throughout 2021-22 from 13 at the start of the year to 24 at the end.

37 Starts and completions on apprenticeships currently feature as part of the proposed metrics to measure the 'spreading opportunity and improving public service' objective in the Levelling Up agenda. As this is likely to be an area where data collection occurs locally, some additional reporting may be required by CYC in the future and as such, any supplementary information will also feature in future monitors.

38 Within York, increasing apprenticeships at higher levels and in science and technology-based industries was also recently included within the draft Economic Strategy for the city as an objective to support the 'Thriving Workforce' theme.

## FOI/EIR and SAR - % In time

- 39 In Q1 2022-23, the council received 342 FOIs (Freedom of Information Act requests) and EIRs (Environmental Information Regulation requests) and 42 SARs (subject access to records request). The timeliness of these requests was 84.90% for FOIs/EIRs and 76.70% for SARs which is an improvement on the same quarter in the 2021-22 financial year.

## Annexes

- 40 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](http://www.yorkopendata.org) under the "performance scorecards" section.

## Consultation

- 41 Not applicable.

## Options

- 42 Not applicable.

## Council Plan

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

## Implications

- 44 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

- 45 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

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<b>Wards Affected:</b> All			✓
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## Glossary of Abbreviations used in the report:

CARF	COVID-19 Additional Relief Fund
CYC	City of York Council
DLA	Disability Living Allowance
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
PIP	Personal Independence Payment
SAR	Subject Access to Records request
YFAS	York Financial Assistance Scheme