

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

## **2022/23 Finance and Performance Monitor 3**

### **Summary**

1. To present details of the overall finance and performance position for the period covering 1 April 2022 to 31 December 2022, together with an overview of any emerging issues. This is the third 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. In a number of areas, services are holding vacancies in order to reduce costs and mitigate against the overall forecast overspend. This is expected to have an impact on the level of service that can be delivered in those areas. The impact of this is being closely monitored by Directorate Management Teams.
5. 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 forecast is a significant overspend. Inflationary pressures are a particular challenge, adding some £4.5m to the overall forecast outturn.

6. 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**

7. Executive 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**

8. The gross financial pressures facing the council are projected at £8.5m but after mitigation it is considered that this can be brought down to a net position of £3.7m.
9. 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 directorates in the 2022/23 budget.
10. 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.
11. A number of mitigations and cost control measures have been implemented during the year 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 to protect front line services to vulnerable residents.

12. 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

13. The Council's net budget is £135m. Following on from previous years, the challenge of delivering savings continues with £6.4m to be achieved to reach a balanced budget. The latest forecast indicates the Council is facing net financial pressures of £3.7m (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 Net Q2 Forecast Variation	2022/23 Net Q3 Forecast Variation
	£'000		£'000
Children & Education	22,365	7,732	6,697
Adult Social Care & Integration	49,544	2,192	3,322
Place	21,748	0	0
Customers & Communities, Public Health & Corporate Services	24,655	693	550
Central budgets	18,072	-2,829	-2,829
<b>Sub Total</b>		<b>7,788</b>	<b>7,740</b>
Contingency	-1,000	-1,000	-1,000
Use of earmarked reserves		-3,000	-3,000
<b>Net total including contingency</b>	135,384	<b>3,788</b>	<b>3,740</b>

Table 1: Finance overview

## **Reserves and Contingency**

14. 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.
15. 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.
16. 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. It is expected that some £3m is available to support the 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.
17. 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**

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 7.5% is being charged. All repayments are up to date.

## Performance – Service Delivery

19. 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.
20. 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.
21. 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.
22. A summary of the strategic indicators that have an **improving** direction of travel based on the latest, new, available data are shown below and further details around all of the core indicator set can be seen in Annex 2.
  - **Median Earnings of Residents** – In April 2022, the (provisional) median gross weekly earnings for full-time resident employees in York were £609.20, which is an increase of 4.4% from £597.90 in 2021. Over the coronavirus pandemic period, earnings estimates were affected by changes in composition of the workforce and the impact of the Coronavirus Job Retention Scheme (furlough) making interpretation difficult; also data collection disruption and lower response rates mean that, for 2020 and 2021, data was subject to more uncertainty and should be treated with caution. Nationally in 2022, median weekly earnings for full-time employees saw strong growth across all major occupational groups, particularly for lower-paying occupations (with process, plant and machine operatives up 8.6% and elementary occupations up 6.9%); pay for professional

occupations saw the smallest increase at 2.4%. Data for 2023-24 will be available in November 2023.

- **Number of incidents of Anti-social behaviour within the city centre** – There were 1,276 incidents of anti-social behaviour within the city centre alcohol restriction zone during 2021-22, compared to 1,410 in 2020-21, and continues the year-on-year reduction seen since 2018-19. Figures for the first eight months of 2022-23 (up to the end of November) (641) indicate that this reduction is continuing.
- **P&R/Local bus Passenger Journeys** – Passenger journeys for park and ride customers totalled 0.95m (provisional) for Q3 2022-23. This is higher than the journeys made during Q3 2021-22 (0.83m) showing that the recovery post-covid is continuing. Pre-pandemic figures were around 1.1m in Q3 2019-20. Passenger journeys on local buses totalled 2.66m (provisional) for Q3 2022-23. This is an increase on the 2.35m journeys made during Q3 2021-22 although pre-pandemic figures were around 3.3m in Q3 2019-20.
- **Parliament Street Footfall** – Footfall in Parliament Street during the first three quarters of 2022-23 (up to the end of December) totalled around 5.54 million data captures. This is exactly the same as during the same period in 2021-22 and higher than the 3.35 million data captures during the same period in 2020-21. The latest figures are lower than the 6.48 million data captures during the same period in 2019-20 (pre-pandemic) but the direction of travel remains positive.
- **Library visits** – Library visits (to all libraries, including reading cafes) during 2021-22 totalled 617,771, which is a large increase on the 183,706 visits during 2020-21. This shows a very positive direction of travel, although the 2021-22 figure is still a long way below the pre-pandemic figures (1,023,034 visits in 2019-20). There were 634,243 library visits in the year up to the end of Q3 2022-23 which compares with 437,260 in the same period in 2021-22, suggesting the positive direction of travel is continuing.
- **% of vacant city centre shops** – Whilst acknowledging that a number of city centre streets and prime commercial locations seem to be experiencing higher vacancy levels than York's average, overall at the end of December 2022, there were 50 vacant shops in the city centre (a reduction from 56 at the same point in 2021), which equates to 7.9% of all city centre shops, and is much lower than the national benchmark in 2021-22 of 14.4%.
- **Education Progression and GCSE Results** – Progress 8 is a measure of the progress made by pupils between Key Stage 2 and

Key Stage 4. A positive score represents progress above the average for all pupils and a negative score progress below the average for all pupils. In 2020 and 2021, all GCSE, AS and A level exams were cancelled and replaced by a combination of teacher assessment, mock exam results, course work and a standardised calculation. Summer 2022 saw a return to the familiar testing methods. The results showed that:

- Despite an incredibly turbulent two years, York's Year 11s, and their teachers, went against National trend in 2022 by improving on 2018-19 performance. York's Progress 8 score was 0.26, against a National average of -0.02.
- 75.3% of Key Stage 4 pupils achieved grades 9-4 in English and Maths (considered a standard pass), compared to 56.1% Nationally.

- **CYC Apprenticeships** – The number of CYC stand-alone apprenticeships only, which excludes those within schools or being completed alongside existing roles, was 26 at the end of Q3 2022-23. During the height of the pandemic, the number remained consistent but was slightly lower than previously seen. Levels have now not only recovered but are exceeding figures seen in recent years demonstrating the value placed on these roles within the CYC workforce and work being undertaken to increase participation.
- **Secondary mental health services in employment** - The 2021-22 ASCOF results showed that 17% of all those in contact with secondary mental health services were in employment, compared with the England average of 6% and 8% regionally. York is the 6th best performing LA in the country on this indicator.

23. Strategic indicators that have a worsening direction of travel based on the latest, new, available data are;

- **All Crime per 1,000 population** – Overall crime levels in York for 2021-22 showed that levels had risen slightly since 2020-21 and were back to pre-pandemic levels (67.4 crimes per 1000 population in 2021-22 and 66 crimes per 1000 population in 2019-20). Figures for the first eight months of 2022-23 (48 crimes per 1000 population up to the end of November) suggest that overall crime levels have continued to slowly rise, a pattern seen at national level, and are predicted to be in the range of 70-72 crimes per 1000 population at the end of the year. The York figure of 48 in the year up to the end of November is still lower than the national figure of 61.7 at the same point.
- **Affordable Homes** – During the first nine months of 2022-23 there have been 48 new affordable homes delivered which is a reduction from previous years. A further 110 affordable homes completions are

currently expected during 2022-23, which would constitute a total of 158 in the year. It is important to note that significant change is possible in the final outturn where, for example, unanticipated site or market factors result in some delay to completion beyond the financial year end. However, for various reasons there is often a 'back-loading' effect of completions towards the end of the year and this is expected in 2022-23. There is a significant future pipeline of affordable homes with planning permission in place across the council's own newbuild development programme and section 106 planning gain negotiated affordable housing. Inclusive of applications with a resolution to approve from Planning Committee, there are around 950 affordable homes identified in approved planning applications. The progress ranges from sites that are being built out currently to others with substantial infrastructure or remediation challenges to resolve prior to development. Over 350 of these have progressed through detailed planning, either as a Full application or Reserved Matters. The remainder are at Outline stage, with more uncertainty on timescales and final delivery levels, including the York Central affordable housing contribution.

## **Annexes**

24. Annex 1 shows the quarterly financial summaries for each of the Council directorates.
25. Annex 2 shows performance updates covering the core set of strategic indicators which are used to monitor the progress against the Council Plan.
26. All performance data (and approximately 1,200 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**

27. Not applicable.

## **Options**

28. Not applicable.

## **Council Plan**

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



## Implications

30. 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

31. 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

<b>Authors:</b>	<b>Chief Officer Responsible for the report:</b>		
Debbie Mitchell Chief Finance Officer Ext 4161	Ian Floyd Chief Operating Officer		
Ian Cunningham Head of Business Intelligence Ext 5749	<b>Report Approved</b>	√	<b>Date</b> 30/1/23
<b>Wards Affected:</b> All			✓
For further information please contact the authors of the report			

## Glossary of Abbreviations used in the report:

ASCOF	Adult Social Care Outcomes Framework
GCSE	General Certificate of Secondary Education