Annex 1 – Directorate Financial Summaries

Children, Education & Communities

1 A net overspend of £518k is forecast primarily due to children's social care.

2 Based on the current numbers of Looked After Children (LAC) being maintained throughout the rest of the year there is a net projected overspend on placement and associated costs of £630k, including £169k on adoption allowances and £308k on Out of City Placements. There is also a net projected overspend of £330k within The Glen and disability short breaks budgets due to delays in implementing the new model of provision for children with the most complex needs.

3 Home to School Transport budgets are currently projected to overspend by a net £247k. The savings targets for the SEN element of home to school transport have not been achieved because of a growth in the number of pupils/students requiring transport and the specialist requirements of that transport.

4 Within the Direct Schools Grant (DSG) there is an estimated overspend on high needs costs of £1,500k, particularly in relation to Danesgate alternative provision and post 16/19 placements. This results in a projected deficit carry forward of DSG into 2020/21 of £2,263k which represents an increase of £1,436k.

5 A number of other more minor variations make up the overall directorate position.

6 The directorate management team are committed to doing all they can to try and contain expenditure with the approved budget and reduce the projected overspend as far as possible by the year end. Dealing with the budget pressures is a standing item at meetings with all options available to further mitigate the current projection being explored. This includes consideration of existing efficiency savings to identify if these can be stretched further or implemented early and continued restrictions on discretionary spending.

Economy & Place

7 A small net underspend of £137k is forecast primarily due higher than budgeted income from car parking offset by cost pressures within waste services.

8 Car Park income continues to perform strongly with income levels 2.4% higher than the corresponding period in 2018/19 and 6% higher than budget. Assuming a continuation of this trend this will result in a positive budget variance of £400k. There is also a forecast surplus on Season Tickets and Resident Parking totalling £100k. Whilst the additional income across parking is positive in mitigating overspends it is necessary to consider that this will be required over the medium term as the council has ambitions to rebuild a Multi Storey Car Park at St George's Field and to close Castle Car Park. During construction this will reduce parking capacity and will impact upon revenue with a level of uncertainty about usage in the longer term.

9 There is a forecast overspend (£345k) in waste collection. This is mainly due to the deployment of staff above budgeted levels in order to deliver the service. Work is ongoing to review how the service is delivered. There is also a forecast shortfall in income on commercial waste £50k.

Customer & Corporate Services

10 Overall the directorate is expected to underspend by £300k. There are a number of minor variations being managed and work will continue to try and identify additional savings to help the overall position.

Health, Housing & Adult Social Care

11 A net over spend of £2,372k is forecast for the directorate, mainly due to pressures within Adult Social Care. The majority of the overspend relates to the continuation of existing 2018/19 pressures that have been previously reported. Although significant growth was allocated to ASC in the 2019/20 budget, the majority of this was given to deal with new pressures such as 2019/20 contract price inflation and young adults transitioning from children's services.

12 There is a £2.3m pressure forecast all customer groups for residential care. This is due to an increase in the number of short

stays and a review is currently looking at whether full use is being made of all available facilities, including the use of Haxby Hall, which may be able to provide short term support for customers.

13 A forecast overspend of £491k on permanent residential care is due to a number of private care homes in York no longer accepting the councils standard rates. The Older Person's Accommodation programme has been successful in reproviding care for residents in eight out of our nine homes but the transition to independent living hasn't been as successful as anticipated and the new capacity hasn't come on line in synchronisation with council homes closing; this has put significant pressure on the residential care market and the council's budget.

14 Older People's Nursing care is forecast to overspend by £1,111k due to an increase in both the number of placements and the weekly cost of these placements.

15 Learning disability residential budgets are forecast to overspend by £851k. This is due in the main to use of temporary placements over and above the block contract we have in place.

16 Supported Living for both Learning Disability customers and Physical & Sensory Impaired customers continues to be a pressure, with a forecast overspend of £776k as the average cost per customer is higher than budgeted.

17 The use of home care to support older people has increased since Qtr1 by approx. 300 hours per week and is approximately £8k more per week now than was the case at the end of May. If this level continues, the budget is forecast to overspend by £400k. There is also a £104k overspend forecast on Mental Health customers due to the number of customers in supported living being greater than budgeted for.

18 In order to help mitigate some of the pressures set out above the directorate is developing an action plan. To date potential mitigations totalling £1.1m have been identified including reviewing direct payment contingency levels, investing in improved training and enhanced reviews around securing CHC income and releasing uncommitted resources from the older persons accommodation programme. Work is continuing to identify additional mitigations in order to increase the level of savings before the year end. The

mitigations already identified include the expected impact of initiatives funded from the additional resource allocated to ASC within the supplementary budget proposals agreed by Council on 17 July. In recent years, the Government has allocated additional one off funding during the year to meet the financial challenges within ASC. Should this happen again this year, it may significantly reduce the forecast position.

Housing Revenue Account

19 The Housing Revenue Account budget for 2019/20 is a net cost of £489k. Overall, the account continues to be financially strong and is forecasting a small overspend of £55k. This is predominantly due to an increase in demand for reactive repairs over the last quarter and unanticipated water hygiene remedial work. This is offset by a forecast reduction in the bad debt provision of £250k and savings in capital charges of £269k.

20 The working balance as at 31 March 2019 was £24.5m. It was agreed in the outturn report that a total of £1,472k of the 2018/19 underspend would be carried forward to 2019/20 to fund capital financing, ICT project and stock condition survey work. Further, the July budget amendment agreed that £2m capital growth for investment in current local authority homes would be funded from the working balance. The forecast outturn takes both these issues into account and means that they working balance will reduce to £24m at 31 March 2020. This compares to the balance forecast within the latest business plan of £25.6m.

21 The working balance is 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 Budgets

22 These budgets include Treasury Management and other corporately held funds. It is anticipated that overall a £600k underspend will be achieved, predominantly as a result of reviewing some assumptions on the cash flow position following a review of the profile of planned capital expenditure which will mean less interest being paid than previously anticipated.