

## Annex 1 – Directorate Financial Summaries

### People

#### Children's & Education

- 1 A net overspend of £6.5m is forecast primarily due to children's social care.
- 2 Before detailing the variances to be reported it is important to highlight some of the key reasons for the current budgetary position for Children's Social Care in York.
- 3 The number of Looked After Children in York has increased significantly in the past 2 years. The Looked After Children population had been stable for a number of years, in the range 190-210 at any one time however on appointment the new Directorate Management Team identified unsafe drift and delay for some children in the system. Ofsted subsequently identified this and corrective action has led to significant recalibration in the system. Numbers of care orders and children on pre proceedings continues to be stable and those in need of child protection have now returned at or below our statistical neighbour average. This means the flow of children coming into the care system has significantly reduced. However, the complexity of needs of these children remains high and capacity in the system to meet need at this level nationally is a significant challenge which is subject to an independent care review.
- 4 At the time of this monitor the Children & Young People In Care (CYPIC) number is 272, within the next 3 years some 25% of these will leave local authority care. A Reducing Service Costs Board has been established in Specialist Services chaired by the Assistant Director which will review arrangements to reduce CYPIC numbers safely, the effectiveness and impact of the Edge of Care Service, current FGC activity and progress on foster care recruitment. In addition a Strategic Overview of Permanence Group has been established, chaired by the Assistant Director to monitor the new Permanence Strategy through tight oversight of children with a plan of permanence and ensuring rigorous use of trackers in order to prevent delay and manage demand in the system.
- 5 The placements budgets are predicted to overspend by a total of £3,528k in 2021/22. This includes variances of £1,013k on

Fostering, £111k on adoption allowances and £2,402k on Out of City Placements.

- 6 The fostering projection is based on all local foster carer positions being filled, so where a child reaches 18 or a foster placement ends, then it is assumed that this is filled. The Out of City placements overspend being reported here is a significant increase (£1.5m) on previous years due to the recalibration of the proportion of these costs between the General Fund and the Dedicated Schools Grant.
- 7 Staffing budgets within the Permanency Teams are also predicted to overspend by £521k, again due mainly to vacancies being filled by temporary staff.
- 8 Safeguarding Interventions are predicted to overspend by approximately £303k, mainly due to increases in the Court and Child Protection Teams who are dealing with the increase in cases. Legal fees are predicted to overspend by approximately £430k.
- 9 Staffing budgets with Children's Social Work Services are also predicted to overspend by approximately £172k. This is mainly due to temporary staffing across the service, which the directorate has worked hard to eliminate with permanent appointments.
- 10 Significant staffing overspends totalling £558k are predicted in the MASH and Assessment teams mainly due to vacancies being covered by temporary and agency staffing.
- 11 Within Disabled Childrens Services overspends on Short Breaks of £108k, Direct Payments of £199k and staffing of £85k are predicted
- 12 It is important to note that the staffing projections included in this monitor assume the current position will continue for the first six months of 2021/22 with the Early Help restructure implemented from the 1st October 2021. If this timescale is not achieved or there are posts that will still require temporary or agency staff after this date then the staffing overspends will worsen.
- 13 Education Psychology is predicted to overspend by £72k, due to an unbudgeted post costing £43k and unachieved vacancy factor of £29k.
- 14 The Home to School Transport budget was already in a historic overspend position of approximately £200k. 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. The main increase in numbers have been at post 16/19 where because of the city now being able to provide more specialist education provision for this group of students more locally, subsequently we have had to provide more transport to the likes of York College, Askham Bryan, Choose 2 and Blueberry Academy. The changes in legislation to allow Education and Health Care Plans to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly.

- 15 The Special Educational Needs taxi transport budgets are therefore predicted to overspend by £327k based on existing numbers and prices.
- 16 A further pressure has been created due to increased pupil numbers at both Fulford and Huntington schools. These increases have resulted in a greater number eligible for Home to School transport and therefore three additional buses have been required, one from September 2019 and two more from September 2020, resulting in an additional cost of £260k across the full financial year.
- 17 These figures are based on the existing contract costs for the 2020/21 academic year. The prices for the new academic year are not known at this point and could change depending on the effect of pupil movements in September. The effect of the new academic year provision on budgets will be reported in future reports as soon as the information is available.
- 18 Underspends are projected in both the Governance Service (£23k) due to increasing external income for services, and in Early Years (£33k) due to savings on non-staffing budgets and the effect of an increase in the 5% Early Years block contribution.
- 19 The Dedicated Schools Grant position at 1st April 2021 is a deficit of £9.940m. Detailed work is ongoing to assess the 2021/22 position taking into account the savings already agreed as part of the budget process.
- 20 A number of other more minor variations make up the overall directorate position.

### Adult Social Care

- 21 The projected outturn position for Adult Social Care is an overspend of £1,729k. This assumes that £1.3m of savings will be made by the year-end and that £596k of costs relating to unachievable savings and staffing working on the Hospital Discharge Programme will be covered by Covid funding. The projection is based on customer numbers in the first two months of the year and does not build in any expectations around a further surge of coronavirus, nor does it currently have any budget set aside for winter pressures.
- 22 The effect of Riccall Carers going into administration and the subsequent decision to bring the care staff in house is not built into these projections. Initial calculations indicate that the cost to the Council in 2021/22 (net of the payments that would otherwise have been made to Riccall) could be around £180k; further work is ongoing to refine this projection.
- 23 Permanent residential care is projected to underspend by £331k in total in 2021/22. Older People residential care is under by £491k, largely due to having around 28 fewer customers than in the budget. Physical & Sensory Impairment residential care on the other hand is projected to overspend by £160k due to the current average gross placement cost per customer being £4k more than in the budget.
- 24 Permanent nursing care is projected to overspend by £259k. This is largely due to the average gross cost of an Older Person nursing placement being more than in the budget.
- 25 Physical & Sensory Impairment Supported Living schemes are projected to overspend by £550k in 2021/22. This is in line with previous years and is largely due to the cost per customer being around £10k p.a. higher than when the budget was last rebased. Placements are currently being reviewed to ensure that they are still at appropriate levels.
- 26 There is currently projected to be an overspend of £289k on the Adult Social Care Community Team. This is due to having unfunded posts, not achieving the historic vacancy factor as vacant posts in the team are being covered by agency staff.
- 27 £1m has been added to the forecast to cover the additional costs which will arise in the care budgets once the customers currently being funded by Health under the Covid related Hospital Discharge Programme move to being the Council's responsibility. This funding

has reduced from six weeks to four from July 2021 and will cease all together at the end of September.

- 28 Learning disability residential budgets are projected to underspend by £467k. This is due to a combination of increased Continuing Health Care (CHC) funding and a small reduction in both the number of customers and the placement costs.
- 29 There is projected to be an overspend of £116k on Direct Payments for Learning Disability customers. This is due to an increase in the average direct payment paid per customer offset by having seven fewer customers than when the budget was set and improved performance in the recovery of surplus payments.
- 30 Mental Health Supported Living is forecast to overspend as there are 4 more customers than assumed in the budget (£152k) and on the Social Work staffing budget due to temporary unfunded agency posts (£87k). This is offset by underspends on residential care (£109k) and direct payments (£60k).
- 31 The Mental Health budget pressures were more significant in 2020/21. The budget growth given in 2021/22 allowed us to rebase most of the external care budgets so the variances are not as marked as last year. However, spend in this area is growing faster than the budget we have to support it so we will continue to see if there are better ways of supporting individuals, particularly regarding supported living.
- 32 Be Independent is projected to overspend by £304k. There is still a budget gap of £130k relating to the financial position of the service when brought back into the Council, together with an ongoing historical overspend on recharges (£50k). In addition to this there is a projected underachievement of income on sales (£49k), a projected overspend IT systems (£48k), and other overspends across the budget. We are investigating whether some of these costs can be capitalised against existing capital budgets.
- 33 Yorkcraft is projected to overspend by £60k. This is due to a budget saving of £62k agreed in 2020/21, which has not been achieved. There is a project team currently looking at future directions for the Yorkcraft service who will also review how this saving can be made by the end of the year.
- 34 Small Day Services are projected to underspend by £138k. This is largely due to vacancies at Pine Trees, Community Base and the

Community Support Assistants as some of the services are not currently open due to Covid restrictions.

- 35 As highlighted in the body of the report, the Council is pulling together a programme of work streams to deal with the current pressures within the People Directorate. This will include a number of work streams to ensure staff and customers are supported whilst also attempting to mitigate the financial pressures outlined in this report.

## **Place**

- 36 The Directorate is currently forecasting an overspend totalling £277k (including commercial portfolio). At this time in the year it is anticipated that these pressures are managed within the overall directorate budget. This can be achieved through a review of staff charged through to other programmes, review of the waste reserve and challenging service managers over ways to reduce expenditure.
- 37 There is a forecast overspend of £350k on waste due to the continued shortfall in commercial waste income as the service is still returning to normal operating levels. Income in the first quarter is 50% below budgeted levels. The government income compensation scheme has continued for the first quarter of 2021/22 which requires councils to fund the first 5% of shortfalls and then will split the balance 75% government funding and 25% council funded. This compensation is assumed within the forecast. Income levels will continue to be monitored, at this stage it is uncertain to what level income will recover.
- 38 There remain pressures across Waste Collection as social distancing arrangements have continued and working practices adjusted whereby staff have to follow the refuse vehicles in other vehicles. It is assumed these costs (£50k) are funded from the general Covid Grant.
- 39 Whilst Transport is forecast to outturn broadly in line with budget there are a number of pressures across the service. These include staffing costs within highway regulation and IT costs relating to the implementation of the permitting system (£+200k) along with higher CCTV monitoring and maintenance costs (£+100k). There are forecast savings as Concessionary Fares payments are lower than budget as passenger numbers remain lower than budget assumptions.

- 40 There is a gross shortfall of £340k from quarter 1 on revenues from car parking. Income in April was 37% below budget as lockdown measures continued through the month. Reduced income continued until the lockdown eased mid month with hospitality business reopening. The second half of May and early June has seen income ahead of budget particularly during half term week. The government income compensation scheme remains in place for quarter 1 and once compensation is considered the net cost to the council will be £159k. It is proposed that this is funded from the council covid grant.
- 41 For the remainder of the year whilst income from off street parking is assumed to be broadly in line with budget there are anticipated shortfalls from season ticket revenues and penalty charge notices. Preliminary forecasts are a shortfall of £300k assuming that off street parking remains in line with forecast.
- 42 Within Housing, Economy and Regeneration the main forecast variance relates to commissioning design and facilities management (£+337k). The savings agreed as part of the budget are looking unlikely to be delivered and there remain pressures across the trading account. There is a forecast saving of £79k from staff vacancies across the rest of the directorate.
- 43 The directorate forecast assumes funding from the General Covid Grant totalling £1,095k. This funds the income shortfalls in quarter 1 that the council has to fund alongside SFC compensation (£227k), projected income shortfalls across parking, commercial waste, commercial property, planning and licensing for the remainder of the year (£843k) and loss of Make it York dividend £25k.

### **Housing Revenue Account**

- 44 The Housing Revenue Account budget for 2021/22 was set as a net surplus of £741k. There were carry forwards of £2,819k agreed as part of the outturn report meaning the revised budget stands as a £1,599k deficit. Overall, the account continues to be financially strong and is forecasting a nil variance against this revised budget.
- 45 There is a forecast shortfall in dwelling rental income of £318k due to the number of void properties and the work required to bring the properties to a lettable standard. The backlog of repairs which built up during covid has combined with an increased number of council house residents moving home. This has created significant pressures within the repairs and voids team. In response an external

contractor is being deployed to help reduce the number of void properties to a more sustainable number. Housing Operations & Building Services are working together to improve the turnaround of void properties. This shortfall in rental income also impacts the service charges income, which has a shortfall of £40k. These pressures will be offset by the interest rate on debt being lower than that forecast in the business plan and land for the Housing Delivery Programme has not been appropriated as planned resulting in a lower level of debt.

- 46 The working balance as at 31 March 2021 was £28.8m. It was agreed in the outturn report that a total of £2.8m of the 2020/21 underspend would be carried forward to 2021/22 to fund capital financing, repairs backlog due to COVID delays and the financial assistance scheme. A further £0.4m was added to the working balance. Taking all these issues into account, the working balance will reduce to £27.2m at 31 March 2022. This compares to the balance forecast within the latest business plan of £26.8m.
- 47 The working balance has been 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 Services, including Customers & Communities and Public Health**

- 48 Overall the remaining Council services are expected to outturn within budget. There are a number of minor variations being managed and work will continue to try and identify additional savings to help the overall position.

### **Corporate Budgets**

- 49 These budgets include Treasury Management and other corporately held funds. It is anticipated that overall a £800k underspend will be achieved, predominantly as a result of reviewing capital financing assumptions.