Annex 1 – Directorate Financial Summaries

Children's Social Care

1 A net overspend of £6,697k is forecast, primarily due to children's social care. The number of Children Looked After (CLA) in York was consistently at a higher level than the budget was built to accommodate. The number at the beginning of the financial year was 281 and as at the end of December it is 268.

2 The placement budgets are projected to overspend by a total of £5,399k in 2022/23. This figure is made up of variances of £527k on IFAs, £3,970k on Out of City Placements, £616k on local fostering placements and £286k on Leaving Care placements and adoption/CAO allowances. The pressure on this budget is partly due to the limited market for children's placements and the statutory requirements placed on local authorities to meet children's needs, coupled with inflationary pressures which could continue to worsen the position.

3 In addition, there is a projected overspend in the Corporate Parenting staffing teams of £435k due to additional Working With York and agency staff and a net overspend on Inter-Agency Adoption Fees of £58k.

4 Safeguarding Interventions is projected to overspend by £332k. This area now has 5 budgeted teams to provide additional capacity to assist in the improvement journey being undertaken. This is to deal with the continued higher number of cases and still requires some WWY and agency staff to cover vacancies. In addition, Legal fees are forecast to overspend by £227k.

5 Staffing budgets within Children's Social Work Services are predicted to overspend by £241k. This is mainly due to temporary staffing across the service, which the directorate is working to eliminate with permanent appointments. Since Q2 significant progress has been made and the number of agency appointments across children's social care has more than halved. Given how far we are into the financial year this has resulted in a modest reduction in the agency staffing projection for 2022/23 but is expected to save in excess of £1m on an ongoing basis if maintained into 2023/24.

6 There is a projected overspend of £236k in the Referral, MASH and Assessment teams. This is due to the current temporary staff in this area until permanent appointments are made.

7 A projected overspend in Disabled Children's Services of £558k is mainly overspends on short breaks and direct payments £495k, again due to the CLA numbers being above the budgeted level.

8 There are two significant variations in Education and Skills. The first is the Home to School Transport budget, which was already in an historic overspend position due to increase in numbers for post 16/19 and the increasing trend of trying to provide more specialist education provision for this group of students more locally. This is a much more cost-effective alternative to expensive out-of-city provision but has a consequent effect on this budget as we have had to provide more transport to establishment such as York College, Askham Bryan, Choose 2 and Blueberry Academy.

9 The change in legislation to allow EHCPs up to the age of 25, resulting in significantly more students accessing this option, has also significantly increased our transport spend.

10 The projected position is an overspend of £353k at this point. This now includes the effect of the new taxi contracts implemented from the new academic year. This position includes the assumption that £300k of costs for the 2021/22 academic year are charged to the DSG prior to all Home to School Transport being charged to the General Fund as per the safety valve agreement. The recurring pressure is therefore approximately £650k. Included within here is an offer of a 15.5% increase from September to Pullman for the bus provision (based on the contractual inflation indicators and consistent with inflationary increases agreed by colleagues in Transport on their bus contracts). It is likely that the taxi contract increase would have actually been much higher if the work of the new transport team had not begun to identify route efficiencies. It is also expected that the increased scrutiny provided by this team will control and drive costs down further, working in partnership with the contractor

11 Staff resourcing issues in the SEND Statutory Services Team, and the need to resource this work to progress the Safety Valve targets has resulted in a significant number of agency staff being appointed into this team over the period from April to date. The majority of the roles have now been permanently filled but the result is a predicted overspend in 2022/23 of £449k.

Dedicated Schools Grant

12 The Dedicated Schools Grant (DSG) is currently projected to be on track to meet the targets set out in the Safety Valve recovery plan agreed with the DfE.

13 The main pressure is within the High Needs Block and is due to the continuing increase in High Needs numbers, and increasing complexity, requiring expensive provision, especially in Post 16 and Post 19 provision and the education element of Out of Authority placements.

14 The brought forward balance on the DSG at 1 April 2021 was a deficit of £9.940m. As a result of the 2021/22 in-year overspend the cumulative deficit to carry forward to 2022/23 would have been £13.443m. However, following discussions with officials from the DfE and ESFA, the Safety Valve Agreement was secured, resulting in an additional payment of £7.6m of DSG on the 31 March 2022. This reduces the cumulative deficit carried forward into 2022/23 to £5.843m.

15 This additional funding represents the first payment under the Safety Valve agreement, which commits the local authority to bring the DSG into an in-year balanced position by 2025/26. Further payments are conditional on the local authority meeting the targets set out in the Management Plan, and reporting quarterly to the DfE on progress, with the eventual aim of eliminating the in-year deficit by the target date, with additional payments by the DfE eliminating the historic deficit at that point.

16 The Office of the Director and Central budgets are predicted to overspend by £55k in total for 2022/23, mainly due Directorate Management Team costs incurred from interim appointments to cover for the vacant DCS post, and advertising costs for the Director and AD posts.

17 The mitigations included at Monitor 2 have largely been achieved and are now included within the service figures above. Additional mitigation measures which can be used to reduce the overspend further have been identified and are listed below:

- The 2022/23 budget included an amount of £2,033k to fund the transfer of expenditure from the DSG to the General Fund. Not all of this is now required in 2022/23 as the DSG Safety Valve projections included headroom in the first year that has not been drawn on due to good progress being made on safety valve outcomes. At this stage it is recommended that a figure of £300k from this growth can be used to offset current year pressures.

- Similarly, the rebalancing of the sharing of costs of out of city education and care placements between the DSG and General Fund can be slowed in 2022/23 and still meet the targets set within the safety valve agreement. It is suggested at this point that a further amount of £350k can be charged to the DSG in this financial year..
- Charge additional GF expenditure to grants in 2022/23, particularly in respect of the new Family Hubs grant where some staffing expenditure can be charged to the grant. An amount of £30k for the service manager's time on the project has been identified to date.

Adult Social Care

18 The projected outturn position for Adult Social Care is an overspend of £3,322k. This assumes that £1,553k of previously agreed savings and mitigations will be made by the end of the year. In addition to this £2,550k of further mitigations have also been identified in order to bring the projected overspend down.

19 Some of the main pressures on the ASC budget include:

- Market prices for beds currently higher than CYC standard rates.
- Providers requesting increases above 3% - an open book accounting exercise has been developed to assess these requests
- Ability to recruit to vacancies and use of agency staff

20 Referrals into social care are continuing to increase and remain above pre pandemic levels. It should be noted however, that this is not translating into more or higher packages of care in the community. In addition, waiting lists are being reduced without this work converting into more care in the system

21 £357k of the Older People's Accommodation Programme is being held back against the overspend this year. In addition, it is expected that the budget for Preparing for Adulthood customers will not be fully spent (£150k).

22 There is some slippage in the ASC reform budget largely due to a delay in recruitment to some of the posts funded by this growth (£300k).

23 There is a projected underspend on staffing in the Commissioning Team due to vacancies (£98k), and the Carers Commissioned Services budget is also expected to underspend (£54k).

24 The Community Care budget is projected to overspend by around £178k. This is following the Council’s decision to bring the service and staff of Riccall Carers in-house following the company going into administration and is largely due to spend on agency staff.

25 The Personal Support Service team budget is expected to overspend by £232k as difficulty in recruiting new care staff has meant an increased use of more expensive agency staff reported against this budget. The Night Care budget is projected to underspend by £56k due to vacancies in the team.

26 Yorkcraft is projected to overspend by £92k due to an underachievement of income (£134k) and failure to achieve a previous year’s saving (£93k), offset by an underspend on staff due to vacancies (£105k) and other minor overspends across the service.

27 Small Day Services are projected to underspend by £127k. This is largely due to vacancies as the service has been running at a reduced capacity following Covid, and in addition the Service Manager post is currently vacant. This service is currently being remodelled.

28 Be Independent is currently projected to overspend by £270k. There is still a budget gap of £130k which needs to be addressed and staffing is expected to overspend by £128k due to having a review manager post over establishment and also to an unfunded regrade of some posts in the team. The closure of the shop selling equipment to the public has resulted in a £49k budget pressure but is partially offset by the removal of the receptionist role facilitating these sales. This is offset by additional income arising from Mediquip moving into the site at James Street.

29 Older People permanent residential care is projected to overspend by £832k. This is largely due to the average weekly cost per customer being £69 a week higher than in the budget, due to the rising costs of care and there are also 9 additional customers by the end of Q3. As outlined in the body of the report, all council services are seeing increased costs due to inflation and other pressures. This includes social care, where costs have increased since the budget was set and this has resulted in a number of forecast overspends.

30 Permanent Nursing Care is projected to overspend by £766k. The average weekly cost per customer is £40 more than in the budget, and there are currently 10 fewer health funded customers than assumed when the budget was set.

31 The Older People Community Support Budget is projected to overspend by £211k. This is due to the average weekly cost of an exception placement being £178 more than in the budget and the average number of weekly hours of homecare provided by framework providers has increased by 158 since the budget was set.

32 The Older People Direct Payments budget is projected to overspend by £175k, largely due to the average weekly cost per customer being £69 a week higher than in the budget (£148k) and there are also 2 additional customers since the budget was set.

33 The Physical & Sensory Impairment (P&SI) Direct Payment budget is projected to overspend by £376k largely due to the average weekly cost per customer being £63 more than in the budget.

34 P&SI Residential Care is projected to overspend by £252k largely due to 4 additional customers compared to budget (£267k). This is slightly offset by an increase in the average rate of health income received for S117 customers.

35 P&SI Community Support is projected to overspend by £123k due to the average weekly cost of an exception customer increasing by £98 compared to the budget. In addition, there are 3 more exception customers than in budget.

36 P&SI Supported Living schemes are currently projected to overspend by £452k due to the average cost per customer being £80 a week more than in the budget (£230k) and there being 2 more customers in placement than was assumed when the budget was set (£113k). In addition, the number of customers receiving health funding has fallen and the average rate of health funding per customer is also below budget.

37 There is a projected overspend on staffing across the Hospital Discharge Team, ASC Community Team and ISS Team budgets of £178k largely due to the use of agency staff to cover vacancies, sickness and maternity leave.

38 There is currently expected to be an overspend of £208k on staffing in the Safeguarding Team due to the use of agency staff, partly to cover vacancies, but also some of the agency hours are above the establishment of the team. There has been a significant increase in the number of referrals to the Safeguarding Team which all require investigation.

39 Direct Payments Mental Health is currently projected to overspend by £81k; this is due to having 4 more customers than when the budget was set and the average cost per placement is £31 per week higher than budget.

40 The Mental Health nursing care budgets are expected to overspend by £187k, largely due to there being 3 more customers in placement than was assumed when the budget was set, one of whom has costs backdated to September 2021.

41 There is expected to be an overspend of £323k on the Learning Disability Community Support budget due to the average weekly cost of a homecare placement being £196 a week more than in the budget (£122k) and the average cost of a day support customer being £15 per week more than set in the budget (£116k), together with having two more homecare customers and 3 fewer customers receiving health funding than when the budget was set.

42 Learning Disability direct payments are projected to overspend by £635k. This is due to the average cost per customer being around £124 a week more than in the budget (£818k), together with having two fewer customers receiving health funding than when the budget was set (£55k). This is offset by a projected increase in the value of direct payment reclaims based on recoveries made to date (£330k).

43 The Learning Disability nursing care budgets are expected to overspend by £170k. This is due to the average cost per customer in working age placements being £505 per week more than budget (131k), and in addition, there are two more customers in Older People placements.

44 The budget for Learning Disability permanent residential placements is expected to overspend by £708k. The average weekly cost of a working age placement is £204 more than in the budget (£724k) and the average rate of health funding received per customer is less (£80k). This is slightly offset by having 1 less customer compared to budget (£96k).

45 To date, the following mitigations have been identified:

- £500k from the more effective use of Step Up Step Down beds
- Increasing the level of health contributions towards the cost of individual packages will generate £200k and a further £200k from uplifting existing funded packages for annual inflation

- Managing the costs of children preparing for adulthood and reducing by £200k

46 Further areas also being investigated include the following:

- Reviewing the effectiveness and use of 24-hour support at home
- Ensuring all new packages of care have explored the use of telecare before being agreed
- Further scrutiny of double up care packages to ensure they adequately meet the needs of the individual
- Work underway on reducing use of expensive agency staff. Teams have been asked to identify social work tasks and non-social work tasks to explore different models of delivery.
- Heads of services to reduce the burden of any duplicate processes that takes time away from assessment

Place

47 The directorate is forecast to outturn on budget (including commercial portfolio). This includes £1.6m forecast inflation pressures offset by forecast directorate underspends, the maximising of external funding opportunities and the use of reserves to support the position where required.

48 The council, like many other organisations, has been impacted by the increased costs of energy. Wholesale electricity costs increased by 128% from April 2022 which added approximately £900k to costs compared to 2021/22 whilst wholesale gas has seen increases of 400% to date, adding a further £300k to costs. There were further increases from 1st October in relation to gas prices although they have been mitigated by the government price cap from October 2022. Due to the current uncertainty, these costs will be regularly reviewed and reported back to Members. Fuel costs have also been significantly higher during 2022/23 than budgeted and this has added circa £300k additional pressures. There have been additional inflationary pressures that are also being managed within the overall Place budget.

49 There is a forecast underspend (£1,078k) across waste disposal mainly due to recyclate sales which are at levels above budget due to high commodity prices for the first six months of the year. Income levels are currently forecast at £900k above budget as the price levels are starting to fall. There is also a windfall receipt (£178k) in connection with the

AWRP contract in relation to lower than assumed contract insurance costs.

50 There is a continued forecast shortfall in commercial waste income totalling £250k based on current service levels.

51 Car park income to 30th November has remained strong across the city at approximately 20% ahead of budget. This has resulted in additional income of c£1,000k in the year to date. This has been offset by reduced Respark income particularly from visitor badges and season tickets (£50k). There have also been additional card processing fees as more transactions have been paid by card / phones leading to a £100k pressure across the service. Overall the net projection to the end of the year has increased to £1.1m surplus for the year.

52 There is a forecast shortfall in planning fees of £476k as applications, particularly major, have been lower prior to the Local Plan being finalised.

53 There is a forecast shortfall in income on commercial property of £360k based on expected rent levels. The budgeted level of income is £6.3m. This is partly due to reduced rental from the racecourse (following the impact of Covid). It is offset by a forecast saving of £85k across staffing budgets mainly due to vacant posts.

54 Across commissioning, design and facilities management there are expenditure pressures of up to £300k. This is due to security costs which are higher than budgeted (£115k) along with additional maintenance expenditure (£120k) and a shortfall in budgeted income from West Offices (£65k) prior to new partners taking space.

55 The overall directorate forecast also assumes that a number of income budgets including those across land charges, building control and licensing will outturn on budget.

56 Across Transport Services there has been an underspend on concessionary fares of c £600k as the number of concessions are yet to return to pre pandemic levels. This has offset a number of inflationary pressures around bus services, CCTV monitoring, traffic signals maintenance and electricity and income pressures. Overall the service is anticipated to balance. A number of bus services that were commercial and not funded by the Council have been withdrawn by the operator. The Council in consultation with the Enhanced Partnership have safeguarded these services with short term contracts to safeguard the extent of the network as per the Executive Decision in December. This is funded through the BSIP funding awarded by

Department for Transport. Uncertainty remains over funding for busses post March as the significant funding from government which goes direct to bus operators is unlikely to be extended in its current format

57 There are also a number of pressures across services faced by inflationary costs such as and Highways and Public Realm however it is assumed that these can be mitigated by cost savings and a review of reserves.

Housing Revenue Account

58 The Housing Revenue Account budget for 2022/23 is a deficit of £347k. The rising cost of utilities is having a big impact on the HRA budgets as well as other inflationary rises such as the pay award and the cost of materials and repairs, with the overall forecast being £1.7m above the budget, an improvement of £268k since quarter 2.

59 The cost of repairs to council housing stock has risen since the start of the year due to these inflationary increases in pay award, materials, sub-contractor costs and fuel rises. The level of such increases are far higher than was forecast when the budget was set, as such the Repairs Team are expecting a pressure on the cost of maintaining our housing stock of around c£600k in 2022/23.

60 The loss of rental income for general needs properties, hostels and shared ownership properties has slightly improved since the last quarter due to the income from the additional temporary accommodation at Crombie House and Ordnance Lane. The voids remain high with an overall loss of income of £491k below budget. A third of these properties are long term voids, such as Glen Lodge and Bell Farm, where the properties are awaiting large scale capital works, this programme of works is expected to take place in 2023/24.

61 The cost of gas and electric have increased far higher than the original forecast and continues to be a pressure on the budgets of the Independent Living Schemes and Hostels, however the increase in October was lower than initially forecast, reducing the pressure on utilities to £590k. The insurance for Housing stock has increased by £151k above the budget, meaning overall the HRA is forecasting a deficit position of £1.742m.

62 When taking out one-off expenditure items relating to revenue contributions to capital, the HRA is forecasting a loss of £332k in the year which is unsustainable in the long term. The Government have now completed a rent consultation and have capped the rent increase

for 2023/24 at 7% to protect residents against the potential cost of high inflationary rent increases. Whilst this is good news for residents (particularly those not in receipt of benefits), as the inflationary gap is not supported by government funding, this will put significant pressure on the HRA going forward as costs increase quicker than income. This will lead to savings being required from the HRA in future years.

63 The HRA working balance position as at 31st March 2022 was £29.57m. The HRA projected outturn position means the working balance will reduce to £27.48m at 31st March 2023. This compares to the balance forecast within the latest business plan of £29.15m. The current HRA debt totals £149m.

64 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

65 Overall the remaining Council services are forecasting an overspend of £550k.

66 Internal Business Support is forecast to overspend by £265k due to reduced income from schools for payroll services and not achieving the budgeted vacancy factor. Other variations include an £82k shortfall in income projected in Registrars and the continued pressure on Housing Benefit overpayments (£150k) as outlined in the 2021/22 outturn report. These overspends are offset by forecast underspends in policy & partnerships (£66k) due to staff vacancies and York Learning (£71k) following an increase in courses offered and other minor savings.

67 As part of the leisure services contract with GLL, which is based on the Sport England template, the council retained the risk for extraordinary increases in energy prices at Yearsley Pool, Energise Centre and the Stadium. The cost of utilities has been particularly significant in the Leisure sector as the cost of heating gyms and particularly swimming pools is an all year cost. Whilst GLL have reduced energy consumption at its facilities utilising pool covers, introducing LED lights and better utilising building energy usage the increased costs are still significant. The contract stipulates a formula for calculating the councils risk share component and will be based on actual usage and costs. The current forecast for additional costs in 2022/23 to the council totals c £600k. This has been assumed in corporate inflationary provisions.

Corporate Budgets

68 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.