



Notice of a public meeting of

Customer and Corporate Services Scrutiny Management Committee

- To:** Councillors Crawshaw (Chair), Fenton (Vice-Chair),
Hunter, Hollyer, Rowley, Musson, Pearson, Mason and
Kilbane
- Date:** Monday, 7 December 2020
- Time:** 5.30 pm
- Venue:** Remote Meeting

AGENDA

1. **Declarations of Interest**

At this point, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. **Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of the following:

‘Confidential’ Appendix 2 to Agenda Item 9 (New Stadium Leisure Complex Commercial proposal on restaurant units) on the grounds that they contain information relating to the financial or business

affairs of particular persons. This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

3. Minutes (Pages 1 - 6)

To approve and sign the Minutes of the meeting held on 9 November 2020.

4. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines have changed to 2 working days before the meeting, in order to facilitate the management of public participation at remote meetings. The deadline for registering at this meeting is at **5.00pm on Thursday 3 December 2020.**

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

Webcasting of Remote Public Meetings

Please note that, subject to available resources, this remote public meeting will be webcast including any registered public speakers who have given their permission. The remote public meeting can be viewed live and on demand at www.york.gov.uk/webcasts. During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

5. Public Health Update

The Director of Public Health will give a presentation updating the Committee on Public Health in York.

6. Finance Update and Budget Setting (Pages 7 - 22)

This report provides an update on the Council's financial position, the latest Government announcements and outlines the council's approach to budget setting.

7. Work Plan 2020/21 (Pages 23 - 26)

To consider the Scrutiny Work Plan for the remainder of the municipal year.

8. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

9. New Stadium Leisure Complex Commercial proposal on restaurant units (Pages 27 - 32)

This report updates the Committee on the financial receipt due to the Council in respect of disposal and development of land adjoining the Community Stadium and the options to be considered by the Executive.

Democracy Officer:

Name: Robert Flintoft
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E-mail: robert.flintoft@york.gov.uk

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

**Ta informacja może być dostarczona w twoim (Polish)
własnym języku.**

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

City Of York Council

Committee Minutes

Meeting	Customer and Corporate Services Scrutiny Management Committee
Date	9 November 2020
Present	Councillors Crawshaw (Chair), Fenton (Vice-Chair), Hunter, Hollyer, Rowley, Musson, Pearson, Mason and Kilbane
Apologies	None

38. DECLARATIONS OF INTEREST

At this point in the meeting, the Chair invited Members to declare any personal or prejudicial interests the business on the agenda. None were declared.

39. MINUTES

The Minutes of the last meetings of the Committee held on 5 October 2020 at 2pm and 5.30pm respectively were approved as a correct record for signing by the Chair, subject to the following amendments:

2.00pm meeting: Minute 26 on Declarations of Interest: Councillor Rowley declared a personal and not prejudicial interest in his role as a school governor;

5.30pm meeting:: Minute 36 on Public Scrutiny Arrangements & Decision Making: Amend 'Members enquired about the possibility of meetings being conducted face to face' to 'A Member enquired etc....'

40. PUBLIC PARTICIPATION

There was no public participation at this meeting.

41. HEALTH UPDATE ON COVID-19

Members received a presentation from the Assistant Director of Public Health, giving the latest Covid statistical information, covering:

- Positive test results as York entered Tier 2 Restrictions;
- Care Home setting cases;
- University test results as a result of students returning from September;

- Schools setting in York on a week by week basis since September;
- Hospital activity, with number of inpatients testing positive at this time increasing slightly;
- Testing arrangements
- Contact tracing, including the local service launched

Together with plans to roll out new testing technology in the future

The Assistant Director then responded to questions from Members around data on infection rates in Further Educational settings, Intensive Care beds, the enforceability of track and trace, as well as excess deaths and the availability of further data to identify what proportion of York residents might still be struggling with Covid 19.

Finally, it was suggested that a 'dashboard' of 'key performance indicators (KPIs) around Covid 19 might be useful to develop and inform future discussion at meetings of the Committee in future. The Chair undertook to compile a list and provide that to the Assistant Director to assist in future reporting.

RESOLVED: That the presentation and statistical data be noted, with a view to incorporating, in future reporting, any further key performance areas set out by the Chair, as indicated above.

42. UPDATE ON COUNCIL'S OVERALL POSITION FURTHER TO COVID-19 INCLUDING OUTLINE PLANS FOR THE COMING MONTHS

The Council's Chief Operating Officer was invited to the meeting to outline how the Council had been responding to the pandemic. He emphasised that, whilst York's rate currently remained the lowest of Yorkshire & Humber local authorities, complacency was to be avoided. He summarised the impact upon staff in terms of the additional work and their personal lives. New collaborative ways of working with partners across the city had emerged and would continue. He updated generally on the position of the York economy and the support available for businesses, including business grants. Lastly, he outlined the broad proposals of the senior management structure which would be presented to Staffing & Urgency Committee in December 2020.

The Chief Operating Officer then responded to a range of Member questions around the interim structural arrangements, his priorities for reassuring residents at this difficult time, what further steps the Council could take to inform businesses what support they could apply for and how, as well as recruitment processes for the new senior management structure.

RESOLVED: That the update from the Chief Operating Officer, be noted.

43. HR & STAFF WELL-BEING UPDATE

Members considered a report providing an update on key activities planned or taking place to support the health & wellbeing of staff during the pandemic and beyond. It was noted that the next health & wellbeing survey would be launched during November/December.

The Head of Human Resources responded to a range of questions from Members in relation to:

- the percentage of staff in Council buildings on average;
- indicators to identify any particular directorates struggling with stress;
- defining whether a stress related absence was work or personal related;
- improvements to take up with health & wellbeing surveys, on which it was noted that the Head of Human Resources would report back at a future meeting;
- information on the cumulative rise in sickness in Children's Services, with further details to be provided to the Chair;
- staff homeworking set up;
- progress against re-procuring the Day One Absence contract and alternative options, with the potential for future pre-decision scrutiny involvement

RESOLVED: That

- (1) the report and information received be noted;
- (2) future pre-decision scrutiny consideration be given to the re-procurement of and alternative available options available for the Day One Absence Management System;
- (3) the investigations and visits already undertaken by the Chair/Vice-Chair, in conjunction with the Head of Human Resources, to assess how other organisations addressed stress at work, be continued;
- (4) the Children's, Education & Communities Scrutiny Committee be asked to look into the circumstances surrounding the rise in staff stress absences within that Directorate;
- (5) this Committee review the results of the next staff survey on health & wellbeing when appropriate and further information be considered on measures introduced by other local authorities to support staff health & wellbeing.

44. FINANCE UPDATE

Members considered a report, providing them with an update on current financial issues facing the Council. The next corporate monitoring report would be considered by the Executive on 26 November 2020, after which a more detailed report tailored for this Committee would be presented to it

Since the report had been published, a national lockdown had been announced and an extension to the furlough scheme had been announced, with tranche 4 of the Covid Support Grant being allocated, with an additional grant being provided to help Councils manage those who were extremely vulnerable at this time.

The Council's Section 151 Officer then responded to questioning on the report, in relation to:

- How other local authorities were planning ahead financially at this time;
- The isolation grant and whether it was sufficient. It being noted that the Financial Assistance Scheme could be used to top up, if necessary;
- Re-allocating monies to more needy areas if appropriate;
- rolling out a budgetary deficit over a period of years and how that might work in practice, taking into account whether the objective was to save money more immediately or manage the situation in a more sustainable way

RESOLVED: That the report and update be noted.

45. SCRUTINY MANAGEMENT AND WORK PLANNING

Members considered a report outlining future work planning arrangements for the remainder of the Municipal Year and presenting a way in which business could be held in a central work planning document managed by this Committee, under the auspices of the Chair and Vice Chair between formal meetings.

The Chair gave details of commissioned scrutiny slots, where meetings had already been organised to look into specific allocated areas, such as the Council's Asset Management Review by this Committee on 23 November 2020. A commissioned meeting slot was also being considered for a Children's, Education & Communities Committee focusing on voluntary sector support.

The Chair concluded by emphasising that the new work planning arrangements were essentially a dialogue between all relevant parties, put in place to help manage scarce corporate resources to support and manage scrutiny activity at this time and development was ongoing.

RESOLVED: That the update and work in progress be noted.

46. WORK PLAN 2019/20

Further to Minute No 45 above relating to work planning, the Chair reported that the work plan for this Committee, as it currently stood, was contained within the information provided on that item. He undertook to

liaise with other Scrutiny Committee Chairs prior to the next meeting to discuss up and coming business for their next public meetings.

RESOLVED: That

- (1) the Chair liaise with other Scrutiny Committee Chairs, as set out above, in relation to the business for forthcoming meetings; and
- (2) the work plan be updated for the next meeting, following further discussions with Executive Members and Senior Management.

Councillor J Crawshaw, Chair

[The meeting started at 5.30 pm and finished at 8.00 pm].

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**Customer and Corporate Services Scrutiny
Management Committee**

7 December 2020

Report of the Chief Finance Officer

Finance Update and Budget Setting**Summary**

1. This report provides an update on the Council's financial position, the latest Government announcements and outlines the council's approach to budget setting.

Recommendations

2. Members are asked to note the information in this report

Reason: To keep the Committee informed of any financial issues.

Finance Update

3. The gross financial pressures facing the council are projected at £8.6m. Whilst this is a significant overspend, a great deal of work has been done to identify mitigation and further action needed to bring current spending under control. It is therefore considered that this can be brought down to £2.8m by the end of the financial year through a number of measures.
4. As outlined in a previous report, the Government has partly recognised the financial impact of the pandemic on local government and has, to date, provided £12m of general grant funding. Some additional support is also being provided for the loss of income from fees and charges, along with other specific grants. In a best case scenario this would leave a further £2m direct COVID costs unfunded in the current financial year over and above the existing budget pressures. There are also other indirect costs and implications on the achievement of savings that are contributing to the overall position.
5. It is also expected that there will be an impact on the collection of both council tax and business rates income. However, it is unlikely that the full impact of this will be known until the furloughing scheme ends. Due to the way in which the Collection Fund operates, this will not impact until 2021/22

and therefore further consideration of this will be determined as part of the budget strategy.

6. This report highlights a number of known pressures that need to be actively monitored and managed, with mitigating actions agreed 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 remains a possibility that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £7.4m of general reserves that would need to be called on if this were the case.
7. A number of measures have been introduced to ensure that there are additional expenditure controls in place, particularly around vacancy management and the use of temporary staff. In addition, measures are being introduced to reduce any non-essential expenditure.
8. A cost control board has been created specifically to look at all adult and children's social care packages, SEND support costs and the effectiveness of our commissioning and review functions. The Board will track spend on a weekly basis to ensure savings and mitigation plans are on track. If any plans are not on trajectory then recovery plans will be required and where necessary escalated to CMT. Schemes of delegation have also been reviewed across the People Directorate to ensure decision making is clear and at the correct level to challenge and manage costs.
9. Work is also underway with health colleagues to ensure we have effective joint care pathways, commissioning and brokerage processes in place which maximises any additional central government funding and opportunities which arise from the integration and place agenda.
10. All areas of the Council are currently considering where further efficiencies and reductions in spend can be achieved in order to support the overall financial position.
11. These actions demonstrate that the council is maintaining both sound financial management, and delivering priority services to high standards, during a period of significant challenge for local government. In particular, key statutory services continue to perform well, having seen investment in recent years. Whilst the Council's track record of delivering savings and the robust financial management provides a sound platform to continue to be able to deal with these 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 £127m. Following on from previous years, the challenge of delivering savings continues with £4m to be achieved in order to reach a balanced budget. Forecasts indicate the Council is facing net financial pressures of £2,898k (after mitigation) and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

	20/21 net budget	20/21 M1 net forecast (after mitigation)	20/21 Monitor 2 net forecast Variation
	£'000	£'000	£'000
Children, Education & Communities	30,432	2,006	2,595
Economy & Place	24,727	0	0
Customer & Corporate Services	3,399	0	0
Health, Housing & Adult Social Care	55,394	2,630	2,831
Central budgets	13,270	-900	-900
Sub Total	127,222	3,736	4,526
Contingency		-128	-128
Target for review of reserves		-900	-1,500
Total including contingency	127,222	2,708	2,898

Table 1: Finance overview

Reserves and Contingency

13. The February 2020 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.4m (equating to 5% of the net budget). At the beginning of 2020/21 the reserve stood at £7.4m and, as part of the budget report, approval was given to maintain this level of reserve in 2020/21 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.
14. In addition to the general reserve of £7.4m 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 but during this year these funds will be reviewed on a quarterly basis and where appropriate to do so will be released to support the in year position. In light of the continued financial challenge ahead an increased target of £1,500k has been set for this review. 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.

Financial impact of COVID-19

15. Previous reports to this Committee have outlined the scale of the financial challenge as a result of the COVID-19 pandemic and the level of additional expenditure incurred. There was also a substantial reduction in income from fees and charges during the first quarter of the year, and forecasts for the remainder of the year remain below budgeted levels. Whilst the impact of the pandemic is being felt across all Council services the following paragraphs highlight the main issues.
16. The Waste Collection service continued to provide a grey bin and recycling service throughout the lockdown period and the green bin was reintroduced in May 2020 (a month behind original plans). There was a need to employ additional staff across the first quarter of the year as staff were unavailable due to quarantining, shielding and greater numbers were required in order to provide the service within social distancing guidelines. The service also required significantly higher levels of PPE in order to provide the service safely. In order to complete rounds in the first months it also proved necessary to collect more recycling as comingled which has a greater cost to process as well as impacting income levels. As well as the extra cost of providing suitable PPE for our own front line staff, the Council also incurred some costs on the provision of PPE for staff working in private care homes.
17. The closure of markets, attractions and visitor accommodation has had an impact on the financial position of Make It York as income levels are below those forecast. The decision to cancel the Christmas Market also strongly impacts on Make It York's trading position. Executive will be asked to consider a support package to Make It York at the December Executive.
18. Community Hubs were set up at the beginning of lockdown and have transitioned into a new method of working. The cost for 2021/21 is currently estimated to be in the region of £131k.
19. The number of people seeking help from adult social care, the number who go on to receive support and the amount of support they receive have all increased as a result of the pandemic. Social care services were also required to respond swiftly and effectively to the pandemic in order to both protect vulnerable citizens and NHS capacity. In effect this mean that staff were reallocated from business as usual work to undertake tasks such as ensuring people could be discharged safely and quickly from hospital, establishing short term intensive community and residential support services for COVID-19 positive people, supplying and delivering PPE, supporting

care providers, those in receipt of direct payments and establishing new virtual and mobile ways of supporting citizens whose usual sources of support were interrupted.

20. Lockdown has placed significant pressure on many families where children have special educational needs and we have seen a similar rise to many other Councils of requests for statutory assessment in this area. We have not seen a significant spike in demand for children's social care which other areas have seen and believe this is because we have had a steady and significant increase in demand for early help. We have however experienced the higher level of complexity in children's social care referrals that has been seen across the country.
21. The Council also experienced significant downturns in income as many income streams, particularly car parking, virtually shut down in the first quarter of the year.
22. To 30th September there has been a £2m shortfall in parking income. April and May saw virtually no income (down over 90%) as the City was in full lockdown. Income started to recover in June where income was 74% below budget and July where income was 40% below budget. August and September have been better with income only 20% below budget. Assuming these improved income levels continue through the remainder of this year this will result in a total shortfall of £2.8m. In addition there is a forecast shortfall on PCN income of £380k. It should be noted that the increases in parking charges agreed at the budget in February were not implemented, following an urgent decision which has also impacted total income. There have also been a number of parking incentives to support local businesses including free parking through RingGo app and reductions in Minster Badge charges agreed over the remainder of the year.
23. There is a forecast shortfall in income on commercial waste of £689k. During the lockdown a large number of the service's customers were not trading and therefore were not charged. The service is currently working with its customers to determine the level of service and charges going forward through the remainder of the year. If restrictions tighten further the forecast shortfall in income may worsen.
24. Whilst planning applications have continued into the council since April there has been a reduction in schemes and value of c 50% since that date. It is anticipated that levels will increase as the economy rebounds however an estimate of c66% of budget to the end of the year is currently anticipated.
25. Rent invoices in respect of commercial property are now sent on the normal timetable following a deferral for quarter 1 bills. Since that time officers in the Asset and Property Management Team have been working with tenants

to agree revised payment plans in order that the council can continue to collect its revenue and the tenants can be supported in difficult trading circumstances. To date these conversations have been very successful and the majority of rents are being paid and still assumed to be collected. It is likely, however, that some businesses going forward may not be able to continue to trade and an assessment of the shortfall totalling £0.5m is currently estimated.

26. The pandemic has not only resulted in shortfalls in income across those outlined above but also a large number of other income budgets including the Mansion House and Registrars (due directly to the lockdown) licencing (where there was a fee holiday), bereavement services (where the charges were reduced) building control (when construction activity was on hold), land charges (when the housing market was on hold), green bin subscriptions (as the service was suspended). There are also shortfalls across Public Transport Fees (Park and Ride) and Network Management. Given the continued uncertainty and the potential for further restrictions, it remains difficult to have significant confidence in these estimates and they are being closely monitored and updated on a monthly basis.

Children, Education & Communities

27. The placements budgets are predicted to overspend by a total of £3,025k in 2020/21. This includes variances of £692k on Fostering (including Independent Fostering Agencies), £461k on adoption and other allowances and £1,128k on Out of City Placements. 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 IFA and Out of City Placement projections have taken account of the placements expected to end in 2020/21, with a further reduction expected in 2021/22.
28. At the time of this monitor the Children & Young People in Care (CYPIC) number is 285 and within the next 3 years 24.8% 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 Family Group Conference 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.
29. A Track and Challenge exercise is also being undertaken on all young people in high cost residential placements which will also ensure education and health costs contributions where applicable are met. A Pathway for

funding will be set up to include Health and Continuing Care funding. Children in residential are also being reviewed and those who need to be assessed with a view to returning nearer to York or 52 week placements in residential school to reduce to 38 are assessed.

30. Safeguarding Interventions are predicted to overspend by approximately £1,139k, 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 £220k. Children protection numbers, following a recalibration spike, have now returned to national average levels.
31. Staffing budgets with Children's Social Work Services are also predicted to overspend by approximately £269k. This is mainly due to temporary staffing across the service, which the directorate has worked hard to eliminate with permanent appointments. Use of agency staff is at a last resort. This could be for example to back fill maternity leave however managers must evidence that they have attempted to backfill with fixed term contract in advance of any agency staff being agreed. A revised structure which reduced the need for agency costs had been agreed just before lock down but has not been able to be taken forward during the initial phase of the pandemic. This is now being re activated.
32. Home to School Transport budgets are currently projected to overspend, although, due to the complications and uncertainties created by the requirements for school transport and social distancing from September, it is extremely difficult to estimate the size of the overspend at this stage. Discussions are currently ongoing with schools and bus and taxi companies about potential arrangements and costs. This issue is common to all Councils with Home to School Transport responsibilities, and the Government has recognised this with the announcement of a grant to assist in funding these additional costs. City of York Councils allocation of this grant is £119k and we are committed to not spend beyond this
33. In addition to the effects of Covid-19, 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, Health and Care Plans (EHCPs) to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly. At this stage an estimate of a £200k overspend has

been included in the directorate projection, reflecting the effects of the historic overspend, although this is subject to change as guidelines alter.

34. The DSG budgets within Education and Skills are predicted to overspend by £1,876k, mainly due to the high number of Out of Authority placements, which is partially responsible for the deficit position on the DSG.
35. The DSG position at 1st April 2020 was a deficit of £4.865m. Current predictions on High Needs and Central Services Block expenditure indicate that this deficit could grow to £10m by the end of this financial year, due to the continuing increase in High Needs numbers, and increasing complexity, requiring expensive provision. The main pressures are in Post 16 and Post 19 provision and the Out of Authority placements highlighted above. We are developing a DSG recovery plan which will provide options to bring this back to a balanced budget over the next 3 years. We are also part of national lobbying for the SEND review to move forward to address the funding gaps in this area which are experienced across the country

Health, Housing & Adult Social Care

36. A net over spend of £2,831k is forecast for the directorate, mainly due to pressures within Adult Social Care. The majority of the overspend relates to the continuation of existing 2019/20 pressures that have been previously reported.
37. Permanent residential care is forecast to overspend by £315k based on current customer numbers. This is mainly due to the average cost of working age Physical & Sensory Impairment placements being around £13k higher than was planned for in the budget. The policy of using short term placements to support people to return home has resulted in fewer admission to residential care and nursing. Older People residential care is currently projected to be on budget having overspent in 2019/20 due to a reduction in the number of residential customer care packages over the first quarter of 2020/21. Permanent nursing care is forecast by underspend by £471k based on current customer numbers. We are actively working with health colleagues to ensure we have effective brokerage, commissioning, review and market management in these areas.
38. Home care is projected to overspend by £1,236k mainly due to the weekly number of hours for homecare contracts being more than was assumed when the budget was set. There have been a number of new customers needing home care packages either due to their carer being unable to provide care because of Covid or as a result of the customer's condition deteriorating during lockdown. Systems are in place to track and code these increases due to covid separately, reclaiming costs from the NHS funding stream.

39. There are a number of workstreams in place to reduce the long term impact on the home care budget including improving the capacity of the reablement service, introducing short term rapid response support for covid positive people, an improved approach to reviewing peoples care to make the best use of non-council resources and additional work to draw in NHS income.
40. Physical and Sensory Impairment Supported Living schemes are forecast to overspend by £647k due to there currently being five more customers in schemes than assumed in the budget, and in addition the net cost is £10k per annum higher than budgeted for. This is offset by a projected underspend of £294k in direct payments.
41. Learning disability residential budgets are forecast to overspend by £991k. The numbers placed are in line with budget, however the net cost per placement is currently £15k more than budget. This is partially due to ongoing issues of customers no longer qualifying for 100% continuing health care (CHC) funding and responsibility passing across from Health to ASC. This involves small numbers of people with very high costs. In response to this the council has employed and trained specialist CHC workers and established a project to work on these highest costing care packages. Joint work is underway with the NHS to adopt a better joint approach to gain better value from the market and also to review existing care pathways in this area to ensure the most effective demand management is in place.
42. Supported Living for Learning Disability customers is forecast to overspend by £282k. This is due to having 8 more customers than in the budget, and also the average amount of CHC funding per customer is £7k less than was assumed when the budget was set.
43. Direct Payments for Learning Disability customers is forecast to overspend by £523k as the average direct payment per customer is around £3.4k more than in the budget. A number of these are under review as part of the high cost packages and review work
44. Mental Health budgets are forecast to overspend by £1,130k, predominantly due to an increase in the number of residential care placements needed. The mental health accommodation programme is on track to deliver lower cost local alternative provision.
45. Be Independent is currently projected to overspend by £182k. The financial position of the service has been recovered significantly since being transferred back to the Council, but there is still work to be done in order to balance the budget.
46. There is a projected overspend of £350k on Haxby Hall. Transfer of the service to an external provider has been delayed due to COVID-19 and there is a substantial overspend on staffing due to the use of Work with York

and external agency staff to cover staff vacancies pending the transfer going ahead. In addition income is down due to there being a reduced number of customers currently being placed in the home.

47. Due to the pandemic Yorkcraft is currently projected to overspend by £175k. This is due to a £62k saving from review of the service which is not likely to be achieved in 2020/21, together with an underachievement of income on external contracts and office collections due to the Covid pandemic.
48. Mitigation work is being focussed on reducing admissions to care, reducing the hospital length of stay and improving reablement potential. Further work is ongoing to improve business processes and upskilling frontline teams in strengths based conversations along with improving the efficiency of placements in Independent Living Schemes, improved access to information and advice, and maximising the uptake of community capacity to tackle isolation and improve resilience. We are working with regional colleagues to undertake a peer review of our services to ensure we have effective demand management pathways in place, market management and brokerage and commissioning processes. This will report in January.

Housing Revenue Account

49. The Housing Revenue Account budget for 2019/20 is a net cost of £286k. Overall, the account continues to be financially strong and is forecasting a net overspend of £70k.
50. Repairs & Maintenance is currently forecasting a nil variance for 20/21. All non-urgent repairs were suspended for the entirety of Q1 in response to COVID-19 and void works were reduced. All of the work streams have now recommenced and it is evident through increased call volumes, demand for voids work, and heating and electrical repairs that a notable backlog has built up. As this build-up of work is dealt with and we move in to the higher demand winter period, it is forecast that the full repairs budget will be spent.
51. There are a number of staffing vacancies that are forecast to save £205k. This is offset by the increasing costs of the independent external advice for the James House project which are now forecasted to be £120k above the budget, resulting in a net underspend of £85k.
52. Rent arrears have increased by c£60k per month in quarter 1 against a forecast of £30k per month. The new financial assistance scheme will provide financial support and assistance to HRA tenants with their rent arrears.
53. There is a forecast shortfall relating to rents of £251k. The opening of James House was delayed by 10 weeks at the start of the year and Lincoln Court is expected to have a small delay of around 8 weeks, however the

majority of the shortfall in income relates to voids. The average void days have increased by 11 days compared to the same period last year, this is due to the lack of moves during lockdown and the slower turnaround of the properties due to works being completed in line with social measures. All teams across Housing are working together to improve the re-let of the properties.

54. Due to the delay in the courts re-opening, legal recharges are forecast to be extremely reduced by c£84k, with other small underspends of £7k, the overall under achievement of income in this area is forecasted to be in the region of £89k.
55. The interest receivable on the HRA credit balances is forecast to be higher than the budget this year due to the holding of large balances pending the large scale investment in to new council house building, as such an over achievement of income of £200k is projected at quarter 2.
56. As previously reported the HRA will not receive any financial assistance from the government relating to the pandemic and as such the underspend from 2019/20 of £539k was set aside to fund COVID-19 and other pressures.
57. The working balance position at 31 March 2020 was £26.4m. The projected outturn position means the working balance will increase to £27.08m at 31 March 2021. This compares to the balance forecast within the latest business plan of £25.58m.
58. 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

59. These budgets include Treasury Management and other corporately held funds. It is anticipated that overall a £900k underspend will be achieved, predominantly as a result of reviewing capital financing assumptions.

Spending Review 2020

60. On the 25th November the Chancellor announced the conclusion of the 2020 Spending Review. However, we need to await the detailed Local Government Settlement for individual Council allocations, which is expected in mid-December. The following paragraphs outline the key announcements that are relevant to Local Government.

61. The Government has announced another £1.55bn of unringfenced grant for COVID-19 pressures that are expected to emerge in the first few months of 2021-22. The current Sales, Fees and Charges scheme (which refunds 75% of eligible income loss beyond a 5% threshold) is being extended on a pro-rata basis into the first three months of the next financial year. In addition, councils will receive £670m of unringfenced grant funding to enable them to continue reducing council tax bills for those least able to pay, including households affected by COVID-19.
62. A new reimbursement scheme, the Tax Income Guarantee Scheme, for 2020-21 local tax losses, will be launched to compensate councils for 75% of irrecoverable losses.
63. The Government is proposing that authorities can increase council tax levels for 2021-22 by up to 2% without holding a referendum, with a further 3% increase specifically for ASC services. Further details on the proposed package of referendum principles will be announced over the coming weeks.
64. There will also be further consultation on distribution options for allocating an additional £300m social care grant - which is made up of £150m of new, non-baselined grant and £150m of funding identified from within existing resources - through the provisional Local Government Finance Settlement in December.
65. The Spending Review also included announcements on the following policies and programmes that are relevant to local authorities
 - £16m to support modernisation of local authorities' cyber security systems;
 - £15bn for NHS test and Trace;
 - £2.1bn for PPE next year;
 - £254m of additional resource funding to support rough sleepers and those at risk of homelessness during COVID-19, including £103m announced earlier this year for accommodation and substance misuse support;
 - £98m of additional resource funding, bringing total funding to £125m, to enable local authorities to deliver support to victims of domestic abuse and their children in safe accommodation in England;
 - £165m for Troubled Families;
 - Over £70m for additional school transport capacity;
 - £24m in capital funding to start a new programme to maintain and expand provision in secure children's homes;
 - £60m for Social Housing Decarbonisation;
 - £1.7bn in 2021-22 for local roads maintenance and upgrades to tackle potholes, relieve congestion and boost connectivity. This includes £500m for the Potholes Fund and £310m for upgrades to larger local roads;

- £257m for cycling, which will fund thousands of miles of safe, continuous and direct cycling routes;
- £621m to regenerate high streets, town centres and communities through the Towns Fund; and
- The £4bn levelling up fund, which will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery.

66. Full details of the 2020 Spending Review can be found here:

<https://www.gov.uk/government/publications/spending-review-2020-documents>

67. This report was published just days after these announcement were made and officers are still working through the details and the potential impact on York.

Budget Setting Process

68. Every council must have a balanced and robust budget for the forthcoming financial year and also a Medium Term Financial Strategy (MTFS) which projects forward likely income and expenditure over the next 3 years. Due to income constraints and the pressure on service expenditure through increased demand and inflation, projected expenditure is usually higher than projected income. Whilst such budget gaps are common in years two and three of the MTFS, the requirement to approve a balanced and robust budget for the immediate forthcoming year means that efforts need to be made to ensure that any budget gap in the next financial year is closed. This is achieved by making proposals to reduce expenditure and/or increase income. Clearly all stakeholders will be concerned with any potential effect that these financial decisions have on service delivery.

69. There is a significant amount of legislation around local authority financial planning and budgeting.

70. The Local Government Act 2000 states that it is the responsibility of the full council, on the recommendation of the Executive, to approve the budget and related council tax demand.

71. The Local Government Act 2003, section 25 requires the council's Section 151 officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.

72. The Local Government Finance Act 1988, section 114 requires the Section 151 officer to report to all of the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. The council must meet

within 21 days to consider the report and during that period the authority is prohibited from entering into new arrangements that will cause money to be spent.

73. Failure to set a legal budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999.
74. The following paragraphs outline the annual budget setting process. Due to the ongoing pandemic, the timings have been slightly different this year but the principles remain the same.

April to July

- Estimate revenue income and expenditure over at the next 3 years, updating for previous years outturn position and any other information available.

July to September

- Identify any new budget pressures
- Calculate forecast budget gap (difference between forecast expenditure and forecast income)
- Chief Officers and Heads of Service start detailed work to identify new efficiencies and savings proposals
- Consider any capital projects needed
- Begin discussions with Executive Members as to the level and type of savings required

October to December

- Finalise budget proposals with the Executive, including potential impacts and risks
- Review budget in light of spending review and Local Government Provisional Settlement and update budget assumptions for any Govt announcements

January

- Executive Member Decision Sessions publish budget proposals and allow for wider discussion with residents and other stakeholders, including local businesses

February

- Revenue and capital budgets considered by Executive and debated at Full Council. Council Tax is set.

75. Once the year starts, actual spending and income will be monitored against the approved budgets with regular reports to Executive highlighting any variations.

Risk Management

76. 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.

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Report Approved **Date** 26.11.20

Wards Affected: *List wards or tick box to indicate all* **All**

For further information please contact the author of the report

Abbreviations

MTFS Medium Term Financial Strategy
SEND Special Educational Needs & Disabilities
CMT Council Management Team
PPE Personal Protective Equipment
NHS National Health Service
HRA Housing Revenue Account
PCN Penalty Charge Notice
IFA Independent Fostering Agency
CYPIC Children & Young People in Care
DSG Dedicated Schools Grant
SEN Special Educational Needs
CHC Continuing Health Care

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Scrutiny Work Planning

Upcoming Scrutiny Meetings

Meeting	Date	Items
Climate Change Policy and Scrutiny Committee	08/12/2020	<ol style="list-style-type: none">1. Emissions Reporting & Carbon Abatement2. York Climate Commission3. CYC Climate Change Policy
Housing and Community Safety Policy and Scrutiny Committee	11/12/2020	<ol style="list-style-type: none">1. Winter Provision / Accomodating Rough Sleepers post Lockdown2. Environmental Retrofitting
Economy and Place Forum	23/12/2020	TBC

Annexes

Annex A – Unassigned Scrutiny Topics

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Scrutiny Committee	Item / Topic
Children, Education and Communities	Impact of increased referrals, including sufficiency within CYC / partner organisations / voluntary sector to meet demand
Children, Education and Communities	Further exploration of new ways of working including roll out of best practice
Children, Education and Communities	Wider reopening of schools including lessons learnt before September, possible approaches to blended learning and Covid-recovery curriculum
Children, Education and Communities	Post-Covid Support for vulnerable pupils, including Free School Meals, Internet/IT access, "attainment gap"
Children, Education and Communities	Support for the cultural sector including grassroots venues.
Children, Education and Communities	Nursery Provision Update, to include information from the Annual Efficiency – as part of 'data dashboard' updates
Children, Education and Communities	York Safeguarding Partnership Update Reports
Children, Education and Communities	Skills Reports
Children, Education and Communities	Community Hub development programme
Children, Education and Communities	Placement Review/Foster Carer Remuneration and Sufficiency strategy (decision made this week)
Children, Education and Communities	Addressing harmful sexual behaviour and the rise of child sex offences reported in North Yorkshire
Children, Education and Communities	CYP mental health review (specifically self-harm)
Children, Education and Communities	Child Poverty review
Children, Education and Communities	LAC Numbers / Budgets
Customer and Corporate Services Scrutiny Management Committee	York Central Quarterly Update
Customer and Corporate Services Scrutiny Management Committee	Three-monthly update report on implementation of day-one absence scheme.
Customer and Corporate Services Scrutiny Management Committee	Six-monthly update report on Organisational Development Programme (deferred from January)
Customer and Corporate Services Scrutiny Management Committee	Annual review of the work and functionality of Scrutiny
Customer and Corporate Services Scrutiny Management Committee	Overview report on Procurement
Customer and Corporate Services Scrutiny Management Committee	Overview Report on Motions to Council
Customer and Corporate Services Scrutiny Management Committee	Overview Report on Budget Setting
Customer and Corporate Services Scrutiny Management Committee	Overview Report on Corporate Review into Poverty
Customer and Corporate Services Scrutiny Management Committee	Make It York Service Level Agreement and Oversight arrangements following referral from E&P (March 2020)
Customer and Corporate Services Scrutiny Management Committee	CMT Restructure update (March 2020)
Customer and Corporate Services Scrutiny Management Committee	Involving more Members in longer-term decision-making, eg "10 year strategy"
Customer and Corporate Services Scrutiny Management Committee	Organisational Development Plan (monitoring and evolving)
Customer and Corporate Services Scrutiny Management Committee	Sickness Absence / Contract Management (Day One Absence)
Customer and Corporate Services Scrutiny Management Committee	Devolution
Customer and Corporate Services Scrutiny Management Committee	Covid Update KPIs
Customer and Corporate Services Scrutiny Management Committee	Annual Complaints Report 2019-20
Customer and Corporate Services Scrutiny Management Committee	Hazel Court / West Offices Update (Potential referral to E&P)
Economy and Place	Community Infrastructure Levy
Economy and Place	Supplementary Planning Guidance – Priorities for York
Economy and Place	"Reskilling the workforce" including working with partners such as the universities
Economy and Place	Implementation and monitoring of One Year Transport & Place strategy, including Blue Badge Accessibility concerns.
Economy and Place	Castle Gateway & York Central strategy/impacts
Economy and Place	Impact of ending the furlough scheme?
Economy and Place	Impact of ending the business grant scheme?
Economy and Place	Monitoring the Economic Recovery Strategy
Economy and Place	Inward Investment Strategy
Economy and Place	Apprenticeship Levy

Economy and Place	New jobs scheme
Health and Adult Social Care	Fin/Perform Q1 update
Health and Adult Social Care	Winter Support plans for adult social care providers
Health and Adult Social Care	Forward Look at Preparedness of GP Practices for next 6 months.
Health and Adult Social Care	GP practices in Covid.
Health and Adult Social Care	Non-Covid related health issues (ie people avoiding hospitals / GPs)
Health and Adult Social Care	GP Capacity to cope with post-lockdown potential surge in non-Covid health issues
Health and Adult Social Care	Hospital transfers to care-homes and Covid management within Care Homes
Health and Adult Social Care	Mental Health & Well-being post Covid (both for Young People & Adults)
Housing and Community Safety	Affordable housing on new developments
Housing and Community Safety	Fuel poverty (as part of Corporate Review)
Housing and Community Safety	Deferred rent / impact of lower rental income
Housing and Community Safety	Managing ASB within tenancies
Housing and Community Safety	ASB Enforcement (Littering / Noise / Speeding)
Housing and Community Safety	Impact of 'no-evictions' policy on community safety
Housing and Community Safety	Lessons learned from recent and current projects eg Lincoln Court, Lowfield
Housing and Community Safety	HMO licensing extension (policy development)
Housing and Community Safety	Communal areas policy (policy development)
Housing and Community Safety	Compliance with Building Safety Bill and Fire Safety Bill in the context of post-Grenfell tenant safety (policy development)
Housing and Community Safety	The council's response to the Social Housing Bill (policy development)
Housing and Community Safety	Strengthening residents' voice (policy development)
Housing and Community Safety	Working with registered providers (ties in with affordable housing on new developments)
Housing and Community Safety	Domestic abuse
Housing and Community Safety	Counter-terrorism / Prevent
Housing and Community Safety	Strengthening the voice of marginalised or under-represented groups from a community safety perspective, eg BAME, LGBT+
Housing and Community Safety	Refresh of the travellers / gypsy / roma strategy (policy development)



**Customer and Corporate Services Scrutiny
Management Committee****7 December 2020**

Joint Report of the Chief Operating Officer / Chief Finance Officer

Portfolio of the Executive Member for Finance and Performance

New Stadium Leisure Complex Commercial proposal on restaurant units**Summary**

1. The purpose of this report is to update Scrutiny Management Committee on the Commercial Deal that was agreed by Executive (19th October 2017) regarding the financial receipt due to the Council in respect of disposal and development of land adjoining the Community Stadium. That report informed Executive that the final receipt would be dependent on the number of restaurant units let at the time of Practical Completion. As Practical Completion approaches that risk has crystallised in that no units have been let and this report provides options as to the way forward.
2. Given the impact of Covid 19 particularly in relation to demand for retail and restaurant units the council is continuing commercial discussions in order to determine the best options to recommend. At the time of publishing this report the discussions have not concluded and therefore final conclusions and recommendations cannot be made.
3. This paper provides Members with the background of the need for a decision. A further paper for the Committee will be published in advance of the meeting to update Members with the analysis and financial implications of the options.
4. There will be a report going forward to Executive in December asking for a decision as to which option to take.

Recommendations

5. Executive will be asked to approve one of three options considered below.

Background

6. The Community Stadium scheme has been developed over a number of years. Some of the key decisions relating to the scheme are highlighted below.
7. In September 2014, the Cabinet confirmed Greenwich Leisure Ltd (“GLL”) as the preferred bidder from the procurement exercise and GLL have been working with the Council and a wider team of partners since their appointment to finalise the NSLC scheme. This included noting the increase in budget and that the project would be partly funded from a £12m commercial land deal.
8. In 2016 the Executive agreed to a procurement bid from Greenwich Leisure Limited to build a new stadium and leisure facilities at Monks Cross. The funding was approved by Full Council including the £12m assumed capital receipt from the commercial land deal.
9. In July 2017 – Executive noted lower the lower commercial land deal and the updated financial position and agreed to proceed to financial close.
10. In Oct 2017 Executive noted the new risk regarding the value of the Commercial Units would be subject to a reduced value if not let at practical completion.
11. In order to secure finance for these new facilities agreements for separate land transactions were entered into with Legal & General (L&G). These were: i) the freehold sale to L&G of the cinema site and associated car park land for £4.85m and ii) the granting of a long (250 year) lease to L&G of 3 restaurant units within the East stand of the stadium on practical completion for a Premium of £4.4m. This value would be due if 2 of the 3 units were let by the time of completion of the build. This amount would be reduced by £0.6875m if only one of the units were let and reduced by £1.375m if no units were let at that time. This risk was accepted by Executive (19th October 2017) as a way of progressing the scheme and avoiding significant abortive costs. It should be noted that the developer also offered a contribution of £70k towards the council’s costs should the risk materialise. The agreement obliged L&G to use reasonable endeavours to secure tenants for the 3 units on reasonable commercial terms.
12. At present none of the units have been let by L&G and therefore the council is not due the £1.375m.
13. A proposal has now been presented whereby the Council can take a 25 year lease of the units from L&G under the terms in Confidential Annex 2,

meaning the units are technically let at completion. This would ensure the Council receives in full the additional £1.375m in capital payments.

14. Accepting a lease of these 3 units would also enable the Council to facilitate sublettings for the units to a wider market as the Council could review offers from local and smaller businesses that would not be considered under L&G's corporate benchmark although sublettings are subject to L&G's approval.
15. The Full Council approvals in March 2016 were based upon receiving the full £1.375m toward the new stadium and leisure complex budget, whilst noting this as a significant risk, and as such if these monies are not received the project budget will be in deficit and require further approvals.
16. There has also been a further offer from L&G whereby the council take ownership of the units but receive no financial contribution from L&G.
17. Strategically, this is therefore an opportunity for the council to support the economic prosperity of the city now and in the future albeit with a financial risk.
18. Executive therefore has three options as detailed below:

Option 1:

19. To accept the units are not let and that the £1.375m will not be received from L&G.
20. In accepting option 1 Executive needs to be aware it therefore needs to approve a further £1.375m of capital to cover the shortfall in the project budget.
21. The full costs of the borrowing required to finance this amount over the 25 years of the lease offered by L&G are covered in the business case in appendix 1.

Option 2:

22. To take a 25 year lease from L&G for the 3 units on the terms to be finalised.
23. This secures in full an immediate payment of £1.375m of capital to the project budget and therefore requires no further approvals at this point.
24. The proposed lease would be for a term of 25 years, and the council would be responsible for all void periods and statutory service charges as well as a service charge to the landlord.

25. A base case will be modelled along with two other scenarios a “better case” which assumes higher rents in future years and shorter void periods and a “worse case” which assumes lower rents and longer void periods.
26. The lease terms being offered to the Council would make the Council (as tenant) responsible for ongoing repairs and maintenance of the property. As and when the Council sublets the units these obligations would be passed on to the occupiers (subject to terms of the subleases).

Option 3:

27. To accept full ownership of the units, thereby allowing Legal & General to walk away without further financial contribution.
28. To accept the loss in full of the £4.4m capital agreement with Legal & General.
29. The council will take ownership of the units and earn revenues from the units when let.

Analysis

30. The options will all come with a cost to the council. The borrowing will result in a fixed increased borrowing cost. The financial cost of leasing the units will depend on the rents paid to the landlord, the receipts of letting on and the levels of voids over the period of the agreement.
31. This section will be updated following the conclusion of the lease negotiations.

Council Plan

32. The Stadium project supports a number of themes across the council plan. In particular the proposed New Stadium and Leisure Centre scheme delivers significantly enhanced leisure facilities for residents, including securing the continued operation of Yearsley Swimming Pool (subject to the ongoing Review). The major investment in facilities also creates jobs, significant community use, creates wider economic benefits for the city, and sees a significant uplift in business rates income.

Consultation

33. Scrutiny Management Committee are requested to provide their comments on the proposed commercial offer.

Implications

34. The implications are:

Financial – This section will be included upon the finalisation of the lease negotiations.

Human Resources (HR) – There are no HR implications to this report

One Planet Council / Equalities – There are no specific one planet council or equalities implications arising from the decision set out in the report.

Legal – This section will be included upon finalisation of the lease negotiations.

Information Technology (IT) – There are no IT implications

Crime and Disorder – There are no crime and disorder implications

Property – All property implications are covered in the report.

Risk Management

35. This section will be included upon the finalisation of the lease negotiations.

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Date

26/11/2020

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Wards Affected: All

**For further information please contact the author
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Background Papers:

Annexes

Appendix 1 - Business Case– To follow
Confidential Appendix 2 - Heads of Terms– To follow

List of Abbreviations

L&G – Legal and General