

Annex 1 – Directorate Financial Summaries

Financial impact of COVID-19

- 1 Previous reports to Executive have outlined the scale of the financial challenge as a result of the COVID-19 pandemic and the level of additional expenditure incurred. There has also been a substantial reduction in income from fees and charges throughout the year, and given the current national restrictions forecasts for the remainder of the year remain well below budgeted levels. Whilst the impact of the pandemic is being felt across all Council services the following paragraphs highlight the main issues.
- 2 The Waste Collection service has continued to provide a grey bin and recycling service throughout the lockdown periods and the green bin was reintroduced in May 2020 (a month behind original plans). There has been a need to employ additional staff throughout the year as staff have been unavailable due to quarantining or shielding and an increased number of staff have been 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.
- 3 In addition to the Government grants we have distributed, the council has provided further funding totalling £1.2m to help micro businesses that were not eligible for the national scheme. A micro grants scheme has helped 1,114 local businesses with grants of up to £1,000 to enable them to adapt in light of the COVID-19 lockdown. In addition, the Federation of Small Businesses has been funded to provide one year's membership for over 500 of York's micro businesses, enabling them to access free support and advice, and to benefit from membership of the FSB network.
- 4 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. In December Executive agreed to support Make It York by waiving the revenue return for the year, agreeing to defer property rents for the first half of the year and providing a loan facility of up to £300k.

- 5 Community Hubs were set up at the beginning of lockdown and have transitioned into a new method of working. The cost for 2020/21 is £135k.
- 6 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 have continued to respond swiftly and effectively to the pandemic in order to both protect vulnerable citizens and NHS capacity. In effect this means that staff have been reallocated from business as usual work to undertake tasks such as ensuring people can 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.
- 7 The periods of lockdown have 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. Whilst we have not seen a significant spike in demand for children's social care as a result of the pandemic, which other areas have seen, we 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.
- 8 The Council also experienced significant downturns in income as many income streams, particularly car parking, virtually shut down during the national lockdowns.
- 9 There has been a shortfall in parking revenues of £4.6m. This includes parking charges, resident parking charges, season tickets and penalty charge notices. 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 76% below budget and July where income was 38% below budget. August and September were better with income only 19% below budget. However further restrictions were introduced in October with a lockdown in the majority of November leading to reductions in income collected of 31% and 69% respectively. There was an improvement in December as restrictions were eased leading to a reduction of 31% only to fall

again in January to March as lockdown was imposed. Income in these months were on average 67% below budget. It should also be noted that the increases in parking charges agreed at the budget in February 2020 were not implemented, following an urgent decision, which also impacted total income. There have also been a number of parking incentives to support local businesses including free parking through RingGo app during the summer months and reductions in Minster Badge charges agreed.

- 10 There was a shortfall in income on commercial waste of £0.7m. During the lockdowns 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 into 2021/22 as restrictions ease.
- 11 Despite a reduction in activity in the first half of the year, planning income recovered over the winter months resulting in an overall shortfall of £406k. It is expected that this recovery will continue during 2021/22 as the economy returns to normal resulting in medium to large schemes being progressed.
- 12 Rent invoices were sent on the normal timetable following a deferral for quarter 1 bills when it was agreed that these invoices would not be sent out. 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. There was reduced income from the Racecourse and from a number of properties that were empty during the year.
- 13 It is likely that some businesses going forward will not be able to continue to trade and the corporate bad debt provision has been increased by £443k to provide for this. This has been offset by COVID 19 funding.
- 14 The pandemic has not only resulted in shortfalls in income across those areas 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 current restrictions, it remains difficult to have significant confidence in these estimates and they are being closely monitored and updated on a monthly basis.

- 15 The pandemic has had a significant impact on the Leisure Services Contract over the course of the year. The contract, with provider GLL, requires the council to fund the net cost of the facilities whilst they were ordered to be closed and further costs as restrictions to operation whilst open increase costs or impact revenues. GLL have been able to mitigate costs through taking advantage of the Government's furlough scheme, minimising expenditure and utilising government business support grants. Most notably the council working with GLL was successful in being awarded £418k funding from Sport England to support the additional costs faced by the sector and £117k of this grant has been used to offset costs in 2020/21. The balance of the grant (£301k) will be utilised to offset increased costs/reduced revenues as facilities reopen from April 2021. The final contractual liability is still to be finalised however the estimated cost to the council in 2020/21 is £255k, which is a significant improvement from the position reported at Monitor 3 (£800k).

Children, Education & Communities

- 16 The outturn shows an overspend of £3,801k in 2020/21.
- 17 Placement budgets overspent by a total of £2,649k. This includes variances of £970k on Fostering, £242k on adoption and other allowances and £1,440k on Out of City Placements and £42k on Leaving Care placements. Included in these figures is the effect of an un-achieved saving from the 2020/21 budget process of £150k on placement costs, which has been delayed, mainly due to issues caused by COVID 19.
- 18 The number of Looked After Children in York has increased significantly in the past 12 months. The Looked After Children population had been stable for a number of years, in the range 190-210 at any one time (this was significantly below statistical neighbour and national average). On appointment the new Directorate Management Team identified drift and delay for some children in the system. This was subsequently identified by Ofsted and corrective action has led to significant recalibration in the system. Whilst the

recalibration of the system has led to an increase of children in care, children are safer as a result and work now is being done to safely reduce numbers to acceptable levels. An external review of our multi agency safeguarding hub (the front door to children's social care services) has confirmed that decision making and thresholds are now appropriate.

- 19 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.
- 20 A Track and Challenge exercise has also been undertaken on all young people in high cost residential placements to 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 have 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.
- 21 The number of children who require protection through care proceedings continues to reduce as at 17/5 we had 52 children subject to care proceedings. The number of children for whom we anticipate may need a legal process (ie are in pre proceedings) has also reduced and is down by 8 children between the 1/4/21 to the 17/5. The number of children in our care continues to reduce. In the 6 months to the 4th June 2021 26 children came into our care and 38 children ceased to be in our care.
- 22 In addition we have been very successful in our campaign to attract new people to be foster carers and currently have 11 new carers going through approval. However, finding the right placement for our children still continues to be very difficult. The national care review is considering the issues in this area especially the escalating costs of placement and this remains a challenge in York. We are constantly reviewing our sufficiency strategy to ensure we have the best possible arrangements in this highly challenging context.

- 23 Safeguarding Interventions overspent by £694k, mainly due to increases in the Court and Child Protection Teams who are dealing with the increase in cases. Legal fees overspent £429k. Children protection numbers, following a recalibration spike, have now returned to national average levels.
- 24 Staffing budgets with Children's Social Work Services, including the Permanency and Referral & Assessment teams, overspent by approximately £1,155k. 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.
- 25 The Home to School Transport budget was already in an 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 establishment such as York College, Askham Bryan, Choose 2 and Blueberry Academy. The changes in legislation to allow EHCPs to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly.
- 26 The final position was an overspend of £245k due mainly to the continuing overspend on SEN taxis.
- 27 The DSG budgets within Education and Skills overspent by £2,673k, mainly due to the high number of Out of Authority placements (3,123k). There was also an overspend in the Specialist Teaching teams of £182k, offset by savings of £32k in other SEN central teams budgets. The School Improvement budgets underspent by £600k, although these are managed on an academic year basis so some of this will be required in 2021/22. These variances contribute significantly to the deficit position on the DSG.

- 28 The Dedicated Schools Grant overspent by £5,075k in 2020/21. The main pressure is due to the continuing increase in High Needs numbers, and increasing complexity, requiring expensive provision particularly in Post 16 and Post 19 provision and the Out of Authority placements highlighted above.
- 29 The brought forward balance on the DSG at 1st April 2020 was a deficit of £4,865k. As a result of the 2020/21 in-year overspend the cumulative deficit to carry forward to 2021/22 is £9,940k. This position is unsustainable and work is on-going to initially reduce and progressively eliminate the in-year deficit position.
- 30 We are developing a DSG recovery plan which will provide options to bring this back to a balanced budget over the next 3 years. This is a national issue and we are 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.
- 31 A number of other more minor variations make up the overall directorate position.

Economy & Place

- 32 The outturn position for Economy & Place is an underspend of £114k.
- 33 There was an underspend of £511k against the concessionary fares budget as payments to operators during the latter part of the financial year were reduced to reflect lower passenger numbers. This was offset by higher CCTV monitoring and maintenance costs (£+99k) and additional IT and staffing costs within highway regulation (+£150k) relating to the implementation of the permit system and adapting the City for COVID19 social distancing. In part this was funded by COVID 19 grant but some of these costs would normally be assumed to be funded through income which has not been achievable this year.
- 34 In the last quarter of the year, the highways service incurred additional expenditure dealing with flooding and a colder than average winter requiring a higher number of grit treatments. There were also additional staffing costs incurred in maintaining the resilience of the service due to COVID 19 resulting in an overspend of £227k.

- 35 Within waste services an overspend of £183k due to the significant strain placed on the service operating within social distancing guidelines and the national lockdown impacts throughout the year. The aged refuse collection fleet is also incurring additional cost and is due to be replaced in 2021 but is increasingly unreliable as it goes beyond its economic life. There has also been additional back office support in place to assist the service.
- 36 The cost of Parking Management and Enforcement is £154k over budget. Balancing revenues and cost in the uncertainties of a post COVID19 world will be an ongoing challenge for the service. The significant investment in IT is making the service more flexible and efficient and will deliver significant saving in the area of corporate support anticipated in previous budgets.
- 37 Within Development Services there has been an underspend of £101k including staff savings of £62k
- 38 Within Environmental Health & Trading Standards there has been an underspend totalling £249k which is made up of staffing savings totalling £90k, underspends on transport and supplies and services totalling £32k and additional charges to other accounts totalling £65k. There was also one off income relating to Proceeds of Crime Act (POCA) that reflects work undertaken on prosecutions in prior years (£76k).
- 39 There was an overspend across the Commercial Portfolio totalling with an overspend of £138k. This was primarily due to reduced income from the Racecourse and from a number of commercial properties that were empty during the year.
- 40 A number of other more minor variations make up the overall directorate position.

Customer & Corporate Services

- 41 The outturn position is an underspend of £397k.
- 42 The main variations include underspends on staffing due to vacancies in a number of services including business intelligence (£178k), finance & procurement (£59k), carbon reduction team (£124k) and democratic services (£110k). There has also been an underspend in the cost of West Offices (£287k) and staff training

(£130k). These underspends are offset by overspending in Registrars due to reduced income (£128k). A shortfall in income from schools has resulted in an overspend within legal services of £60k and the cost of professional fees within Information Governance has resulted in an overspend of £59k. A further overspend of £55k on External Audit fees is due to the increased charges made by the auditor following work on the accounts objection. A number of other minor variations make up the overall directorate position.

Health, Housing & Adult Social Care

- 43 The outturn position is a net underspend of £1,218k which is made up of £837k on adult social care and £381k on housing general fund.
- 44 The outturn position on adult social care is significantly improved from the position forecast at monitor 3. This is predominantly due to the use of one off funds to mitigate the underlying budget pressures. These funds include using £392k of budget growth received in 2020/21 to support budget sustainability and £330k of the Care Act implementation budget to mitigate overspends in other areas of the department.
- 45 We have also been able to identify £1.7m of costs directly related to COVID that could be funded from the Contain Outbreak Management Fund. Further areas of improvement since Monitor 3 include the cost of transitions customers coming through from Children's Services have been £246k less than assumed in the budget and the Older People's Accommodation Project management budget underspent by £273k.
- 46 The underlying pressures continue however, and the following paragraphs outline the main variations.
- 47 Permanent residential care has overspent by £1,075k. This is mainly due to the average cost of working age adult physical & sensory impairment placements being around £14k higher than was planned for in the budget (£115k). The policy of using short term placements to support people to return to home has resulted in fewer admissions to residential and nursing care. The overspend on older people placements was £1,344k, largely due to the average cost per customer being £6.5k more than budgeted. Permanent nursing care has underspent by £662k.

- 48 Short stay budgets have underspent by £226k as the number of customers placed in respite and step up step down beds has been a lot lower than usual, largely due to the COVID pandemic.
- 49 The use of home care to support customers has overspent by £105k. This is largely due to the average weekly number of hours of homecare provided during the year being around 900 more than in the budget (£966k) but is significantly offset by one-off funding.
- 50 The number of exception customers and the average cost of exception contracts is also higher than budgeted for (£316k) and there has been increased spend on day support customers (£166k). The underlying overspend is primarily a result of having a number of new customers needing home care packages due to COVID, with people's usual support being unavailable as community services, etc have been closed or had vastly reduced capacity as a result of social distancing measures. As a result we have been able to fund a proportion of these costs from the Contain Outbreak Management Fund.
- 51 Physical & Sensory Impairment Supported Living schemes have overspent by £631k due to there currently being eight more customers in schemes than was assumed in the budget, and in addition the average cost per customer is £5.4k per annum higher than budgeted for.
- 52 Direct payments have underspent by a net £156k. This is made up of an underspend of £357k on physical & sensory impairment, largely due to there being five fewer customers at a lower average cost per customer than in the budget, and an overspend of £201k on older people where the average cost has been £3.5k more than in the budget with three more direct payment customers.
- 53 Learning disability residential budgets have overspent by £973k. The numbers placed are in line with budget, however the net cost per placement is currently £14k 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.

- 54 There has been an overspend of £247k on Direct Payments for learning disability customers as the average direct payment paid per customer is £4.7k more than in the budget together with transport direct payments per customer also being above budget (£713k). This is offset by direct payment reclaims being much higher than budget largely as a result of the COVID pandemic meaning customers were not undertaking the same level of activities as they usually would.
- 55 Adult social care has been paying for day support on what was planned for customers but in actuality have only received approximately 50% of the service paid for due day support settings reducing capacity as a result of social distancing measures. The Council has been able to reclaim some of these costs from the Contain Outbreak Management Fund (-£1,025k).
- 56 The Mental Health budgets overspent by £1,330k 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.
- 57 Personal Support Services have overspent by £109k largely because of spend on WWY and agency staff to cover for vacancies and for a number of staff who have had to shield due to COVID.
- 58 There is an overspend of £112k on Haxby Hall. The service has now transferred to Yorkcare Homes Ltd, but this transfer was delayed due to COVID and there is a substantial overspend on staffing due to the use of Work with York and external agency staff to cover staff vacancies before the transfer went ahead (£181k). In addition customer income underachieved by £42k. This was partially offset by the receipt of Health funding for use of the discharge to assess beds for COVID related hospital discharges in year.
- 59 Yorkcraft has overspent by £47k. The underlying overspend is £208k mainly due to £151k underachievement of income due to the COVID pandemic. On top of this there is a budget saving of £62k which will not be achieved in 2020/21. However we have been able to fund some of the income shortfall through use of the Contain Outbreak Management Fund (£161k).
- 60 Small Day Services have underspent by £199k. This is largely due to vacancies at Pine Trees, Community Base and the Community

Support Assistants which have not been filled during the year as the services were closed for the first half of the year and running at a reduced capacity thereafter.

- 61 Prior to the COVID pandemic pressure on the budget was largely driven by the increasing market cost of care. During the COVID pandemic additional pressures have emerged. 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. This is a reversal of a 2 year trend during which early intervention and strengths based working prevented increasing numbers of citizens requiring increasing support.
- 62 ASC responded swiftly and effectively to the pandemic in order to both protect vulnerable citizens and NHS capacity, establishing short term intensive community and residential support services for COVID 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
- 63 Although numbers of people with covid are now much lower, the impact of covid, social restrictions and lockdown have resulted in continued higher numbers of people requiring support for adult social care needs, particularly in areas such as mental health. This is in line with the expected impact modelled by public health professionals. The department is taking a review, repurpose, refresh and reset approach to recovery, recognising the opportunity for positive permanent change resulting from the disruption of recent months. The three strands to the recovery work are strength based working, capacity and demand management and staff wellbeing.
 - Strengths based working- through maximising the use of community resources we will reduce the reliance on council funding
 - Demand Management- we will flex the use of our resources across the health and care system, deploy more and better technology, and change the balance between long and short term support.
 - Staff Wellbeing. We will make the best use of the skills and expertise of our staff by supporting them with the right information, tools for the job and invest in their wellbeing

- 64 As previously reported, ASC is operating in an extremely challenging environment in which Health partners in the city are operating with significant deficits. The price of care provision is high, with a local market driven by those that can fully fund their care without recourse to the Council.
- 65 Housing General Fund has underspent by £381k. This is mainly as a result of additional support service and management recharges to the housing revenue account leading to a surplus within general fund (£203k), staff vacancies within the strategy team (£35k) along with staff vacancies and an underspend on materials in the private sector housing team (£95k) .
- 66 A number of other more minor variations make up the overall directorate position.

Housing Revenue Account

- 67 The Housing Revenue Account budget for 2020/21 is a net cost of £825k. The year end position is an underspend of £3,254k, of which £2,340k relates to capital financing that has slipped into 2021/22. The adjusted year end position is a surplus of £89k which is an underspend of £914k compared to budget.
- 68 There has been an underspend of £401k across Repairs & Maintenance as only urgent and emergency repairs were undertaken in the first 4 months of the year due to the pandemic, resulting in a backlog of non-urgent repairs. To assist with the continuing efforts to deal with the backlog of repairs it is proposed that the underspend is carried forward into 2021/22 to deal with these costs.
- 69 Underspends of £209k within general management are due to vacant posts and general recharges (£321k), underspends on the training budget (£39k), less tenant support activities due to the pandemic (£39k) and court admin costs (£78k). These underspends are offset by the cost of independent external advice for the James House project (£275k). There has also been an underspend of £113k on equipment and caretaking costs.
- 70 The revenue contribution to capital has underspent by £2.34m due to the slippage of capital expenditure. These funds will be carried forward to 2021/22 to fund the slippage.
- 71 The HRA financial assistance scheme was created in 2020/21 to provide financial support and assistance to HRA tenants with their

rent arrears. New proposals are being drawn up in conjunction with partner advice services to provide a more streamlined services and as such it is proposed that the £78k underspend in this area is carried forward in to 2021/22 for this service to continue.

- 72 There has been a shortfall in dwelling rents of £217k due to the delayed opening of James House & Lincoln Court. In addition the void numbers are higher than previous years, however teams across Housing have worked together to increase the turnaround of empty properties.
- 73 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. £114k was allocated in 2020/21, which has contributed to the overall underspend on the HRA.
- 74 The working balance position at 31 March 2020 was £26.4m. The outturn position means the working balance will increase to £29.65 at 31 March 2021. This compares to the balance forecast within the latest business plan of £25.58m.
- 75 There are a number of ongoing implications of the outturn position into 2021/22. It is necessary to re-profile the revenue contributions funding the capital programme slippage of £2,340k into 2021/22. This leaves a balance of £914k from which £401k has been requested to fund the backlog of repairs in 2021/22 and £78k from the financial assistance scheme has been requested to carry forward in to 2021/22, leaving a balance of £435k to contribute to the ongoing HRA working balance.
- 76 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

- 77 These budgets include Treasury Management and other corporately held funds. An underspend of £759k has been achieved, predominantly as a result of reviewing capital financing assumptions.