

Report of the Chief Operating Officer
Portfolio of the Executive Member for Finance and Performance

2021/22 Finance and Performance Monitor 1

Summary

- 1 To present details of the overall finance and performance position for the period covering 1 April 2021 to 30 June 2021, together with an overview of any emerging issues. This is the first report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
- 2 This report highlights a number of known pressures that need to be carefully managed throughout the year, with mitigation strategies being in place and regularly monitored across all directorates. Through ongoing monitoring and identification of mitigation alongside a review of reserves and other funding, the Council will continue to make every effort to reduce this forecast position but it is possible that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £6.9m of general reserves that would need to be called on if this were the case.
- 3 As outlined in reports to Executive throughout the previous year, the COVID-19 pandemic continues to have a significant impact on the Council's financial position and adversely affect performance against a number of indicators.
- 4 Despite the additional funding provided by Government in both 2020/21 and the current year, an ongoing impact is to be expected due to a range of issues, including the longer term impacts on individual residents leading to an increase in the cost of care. In addition, a potential loss of both Council Tax and Business Rates income is to be expected as some businesses struggle to recover, resulting in an increase in unemployment which in turn may leave some residents unable to pay Council Tax. However, performance in collecting income continues to be positive and schemes are in place to support those who are unable to pay.

- 5 We continue to see significant and ongoing pressure across both children's and adults social care budgets in particular and an increase in social care costs directly as a result of the pandemic.
- 6 Throughout the pandemic, all Council services have gone above and beyond what can be expected. However, a huge debt of gratitude is owed particularly to those individuals who routinely put their lives on the line to keep residents and communities safe, whilst putting themselves at great risk.
- 7 It should also be noted that the pandemic is far from over in the local health sector. At the time of writing (late July) York Hospital is experiencing unprecedented demand and GPs are seeing a spike in appointments. The increased complexity of adult social care cases and a tired workforce, combined with significant pressures in the NHS and within the community, is creating pressures in the adult social care sector that need to be addressed to prevent them impacting on City of York Council's own adult social care service. These issues are not unique to York but is a national situation that is being seen in most areas across the country.
- 8 To address these challenges, whilst accepting the impact of the pandemic is still being felt across social care services, a cross-council project has been put in place to help and support adult social care teams over the coming weeks and months. By taking a staged approach as part of a co-ordinated project this will support adult's social care services, whilst avoiding introducing additional pressures or risks. This programme of work will also balance short term costs with long term savings plans and actively look to reduce costs rather than taking the more short-term immediacy approach which can have detrimental impacts in future.
- 9 Whilst the council's overall financial health provides a strong platform upon which to meet these financial challenges and good progress has been made with the achievement of savings in the year, the forecast outlined in this report remains a matter of serious concern. The ongoing pressures within social care will need to be addressed in the 2022/23 budget setting process.
- 10 With an unprecedented level of uncertainty in both the national and local economy it is therefore prudent to continue to plan on the basis of the current financial picture and begin to put in place mitigation and cost control strategies to bring the forecast expenditure down to within the current approved budgets.

Recommendations

- 11 The committee is asked to:

- note the finance and performance information and the actions needed to manage the financial position

Reason: to ensure expenditure is kept within the approved budget.

Financial Summary

- 12 The gross financial pressures facing the council are projected at £7.8m but after mitigation and further action it is considered that this can be brought down to a net position of £5m.
- 13 As previously reported, there are serious underlying budget pressures across both adult and children's social care. Both adult and children's social care is operating in an extremely challenging environment and as a result additional funding of £4.3m was allocated to the People directorate in the 2021/22 budget.
- 14 This report highlights a number of known pressures that need to be carefully managed throughout the year, with mitigation strategies being in place 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 is possible that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £6.9m of general reserves that would need to be called on if this were the case.
- 15 A number of measures are being introduced to ensure that there are additional expenditure controls in place including a reduction in any non-essential expenditure.
- 16 York is maintaining both sound financial management, and delivering priority services to high standards, during a period of significant challenge for local government. 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

- 17 The Council's net budget is £131m. Following on from previous years, the challenge of delivering savings continues with £7.9m to be achieved in order to reach a balanced budget. Early forecasts indicate the Council is facing net financial pressures of £5m (after mitigation) and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget	2021/22 Gross Forecast Variation	Mitigation	2021/22 Net Forecast Variation
	£'000	£'000	£'000	£'000
People	69,592	8,313		8,313
Place	21,772	277	-277	0
Customers & Communities, Public Health & Corporate Services	22,182	0	0	0
Central budgets	18,344	-800	0	-800
Sub Total		7,790	-277	7,513
Contingency	-500		-500	-500
Use of COVID grants			-2,000	-2,000
Total including contingency	131,390	7,790	2,777	5,013

Table 1: Finance overview

Directorate Financial Summaries

Corporate Services, including Customers & Communities and Public Health

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

Corporate Budgets

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

Reserves and Contingency

- 20 The February 2021 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 2021/22 the reserve stood at £6.9m and, as part of the budget report, approval was given to maintain this level of reserve in 2021/22 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.

- 21 Should the mitigation outlined in annex 1 not deliver the required level of savings in the current financial year then this reserve is available to support the year end position. However, in light of the ongoing financial challenges being faced by all councils it is now more important than ever to ensure the Council has sufficient reserves. Therefore, should it be the case that we need to draw down a substantial amount from this general reserve in 2021/22, some growth will need to be included in the 2022/23 budget to ensure that reserves can be maintained at an appropriate level.
- 22 In addition to the general reserve of £6.9m 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 again be reviewed on a quarterly basis and where appropriate to do so will be released to support the in year position. 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.
- 23 As in previous years a contingency budget of £500k is in place and this is currently assumed to be available to offset the pressures outlined in this report.

Loans

- 24 Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. There are 2 loans in this category. Both loans are for £1m and made to Yorwaste, a company part owned by the Council. The first was made in June 2012 with a further loan made in June 2017 as agreed by Executive in November 2016. Interest is charged on both loans at 4% plus base rate meaning currently interest of 4.1% is being charged. All repayments are up to date.

Performance – Service Delivery

- 25 In spite of the many challenges that the organisation and City has faced over the last year, performance across the wider organisation, not just the Council plan indicators, has continued to remain high and continues to compare favourably when benchmarked against other areas with similar characteristics to York. Whilst Covid and the actions taken to tackle the global pandemic have in places affected performance in the short-term, the general pattern for data and information monitored by the Council is that levels of resident and customer satisfaction, timeliness and responsiveness, as well as various directorate and service based indicators, have remained positive.

- 26 The Executive for the Council Plan (2019-23) agreed a core set of strategic indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the eight outcome areas included in the Council Plan. Some indicators are not measured on a quarterly basis and the DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly. It is likely that due to impacts of COVID, a number of the Council Plan indicators will see a significant change both in terms of their numbers and their direction of travel in future reporting periods. The majority of the performance measures within the Council Plan have a lag between the data being available, and the current reporting period and therefore impacts will not be immediately seen, and may occur over several years as new data becomes available.
- 27 Performance items around the Council plan topic “Open and Effective Council” are reported below, as historically other topics in the Council plan are reported to the other various scrutiny setups. See background documents for links to where this data has also been published at Executive.

An open and effective Council						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Forecast Budget Outturn (£000s Overspent / -Underspent) - CYC	£1,328 (excluding contingency) (2020/21)	£7,513 (excluding contingency) (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in November 2021
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	8.81 (Q4 2020/21)	8.63 (May 2021)	➡	Quarterly	CIPD Public Sector 2020/21 8	Q1 2021/22 data available in August 2021
Customer Services Waiting Times - Phone / Footfall / Webchat	00:00:14 (Phone) (Q4 2020/21)	00:01:22 (Phone) (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in October 2021
	0% (Footfall) (Q4 2020/21)	65.20% (Footfall) (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in October 2021
	95.80% (Webchat) (Q4 2020/21)	94.50% (Webchat) (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in October 2021
Number of days taken to process Housing Benefit new claims and change events (DWP measure)	1.98 (Q4 2020/21)	3.25 (May 2021)	➡	Quarterly	Not available	Q1 2020/21 data available in August 2021
% of complaints responded to within required timescales (currently 5 days)	N/C	53.60% (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in October 2021
CYC Apprenticeships	14 (Q4 2020/21)	13 (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in October 2021
FOI & EIR - % In time - (YTD)	82.17% (Q4 2020/21)	78.20% (Q1 2021/22)	➡	Quarterly	Not available	Q2 2021/22 data available in October 2021

The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly.
All historic data is available via the Open Data Platform

Average Sickness Days per FTE - CYC (Excluding Schools)

- 28 At the end of May 2021, the average number of sickness days per FTE (rolling 12 months) was 8.63 days compared to 11.57 at the end of May 2020. Full details of activity to tackle sickness are within the main report.

Customer Services Waiting Times (Phone / Footfall / Webchat etc)

- 29 Customer Service is the main point of contact for residents and business visitors. During Q1 2021-22, the number of calls received increased to 52,708 (44,615 in Q4 2020-21), with 86% answered (45,390). 44% of calls were answered within 20 seconds. In addition, approximately 539 people contacted Customer Service for support due to the impact of COVID-19. The increase in demand was a result of council tax annual billing, issues with waste collection and elections. The reduction in performance during Q1 is a result of an increase in demand and staff attrition.
- 30 During Q1, 35 customers booked an appointment with Customer Service at West Offices and a further 919 'dropped by' and received support. This figure includes Probation Services, Registrars and Blue Badge assessments. The majority of people 'dropping in' can access services without having to come to West Offices. In addition to speaking to customers over the phone, the customer service team also responded to 14,371 e-mails (an increase from 12, 876 in the previous quarter). Customers are now opting to access services using alternative means:
- 8,916 customers made payments using the auto payments facility
 - 16,860 people used the auto operator
 - 50% of street lighting and street cleansing issues were reported by customers on-line
 - There were around 2 million pages of the CYC website reviewed
 - Web chat is now available for Council Tax customers, with 1,747 customers using the chat service during Q1, 95% of customers waited no more than 20 seconds for their chat to be answered and 88% said they were satisfied with the service.

Number of days to process Benefit claims (currently Housing Benefit)

- 31 Due to improvements in digital processes, performance in this area remains consistently strong in York, with the average number of days taken to process a new Housing Benefit claim, or a change in circumstance, being just over three days during May 2021. York performance is higher than the national average of 5.1 days (2019-20).

% of complaints responded to within timescales

- 32 In Q1 2021/22 the council received 138 complaints that were responded to as a Level 1 (corporate – 4Cs, Stage 1 in the statutory Childrens social care complaints process, Green in the statutory complaints process for adults social care) and responded to 53.6% of them within their required timescales. This shows a decrease for the in time performance since last reporting quarter.
- 33 A number of factors have contributed to this e.g. some resources still being diverted due to covid 19, a Complaints Adviser vacancy in the Corporate Governance Team (which has been filled from 12th July 2021) and also the transition period from the old to new procedures for

responding to corporate complaints. There is ongoing work to look at how this can be improved going forward.

CYC Apprenticeships

- 34 At the end of June 2021, there were 13 CYC apprenticeships (this measure excludes those within schools and looks at standalone apprenticeships only, which does not include those being completed by staff alongside an existing CYC role). The covid-19 pandemic has had a significant impact on the recruitment of new apprentices into the organisation, however, CYC continues to actively recruit new apprentices and offer a diverse range of apprenticeship qualifications at levels 2 to 4. These range from Cyber Security Technologist and Stonemasons along with traditional standards in Social Work and Solicitors. In recent months, 7 new apprentices started in Building Services and were the first cohort of 16 planned apprentices in the Place directorate.
- 35 City wide, job vacancies for apprenticeships reached their highest level for years in July, with a weekly average of 180 adverts for 260 jobs within 15 miles of York. The 2019 and early 2020 average was around 60 jobs. Vacancies have been climbing since the end of 2020 with all sectors now represented, including hospitality and retail.

FOI & EIR - % In time

- 36 In Q1 2021/22, the council received 426 FOIs (Freedom of Information Act requests) and EIRs (Environmental Information Regulation requests) and 31 SARs (subject access to records request). We achieved a 78.2% in time compliance for FOIs and EIRs and 61.3% for SARs. This shows a drop in the timeliness of responses from the previous reporting quarter and work is underway within the team and with service areas to improve compliance with response timescales.

Annexes

- 37 All performance data (and approximately 1,000 further datasets) within this document is made available in machine-readable format through the Council's open data platform at www.yorkopendata.org under the "performance scorecards" section.

Consultation

- 38 Not applicable.

Options

- 39 Not applicable.

Council Plan

40 The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

Implications

41 The implications are:

- **Financial** are contained throughout the main body of the report.
- **Human Resources (HR)** There are no HR implications related to the recommendations
- **One Planet Council / Equalities** Whilst there are no specific implications within this report, services undertaken by the council make due consideration of these implications as a matter of course.
- **Legal** There are no legal implications related to the recommendations
- **Crime and Disorder** There are no crime and disorder implications related to the recommendations
- **Information Technology (IT)** There are no IT implications related to the recommendations
- **Property** There are no property implications related to the recommendations
- **Other** There are no other implications related to the recommendations

Risk Management

42 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.

Background Reports

43 26th August - Executive – Finance and Performance Monitor -

Contact Details

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Wards Affected: All			✓
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Glossary of Abbreviations used in the report:

CPN	Competitive Procedure with Negotiation
CYC	City of York Council
EIR	Environmental Information Regulation Requests
FOI	Freedom of Information Act Requests
FTE	Full Time Equivalent
ICT	Information Communication Technology
NHS	National Health Service