

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

## **2022/23 Finance and Performance Monitor 2**

### **Summary**

1. To present details of the overall finance and performance position for the period covering 1 April 2022 to 30 September 2022, together with an overview of any emerging issues. This is the second 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. We continue to see significant and ongoing pressure across both children's and adults social care budgets in particular. Within Children's these pressures are mainly in relation to Out of City placements and the continued use of agency staff. With Adults, the main pressures include the cost of care beds and also an inability to recruit to vacancies leading to the use of more expensive agency staff.
4. In a number of areas, services are holding vacancies in order to reduce costs and mitigate against the overall forecast overspend. This is expected to have an impact on the level of service that can be delivered in those areas. The impact of this is being closely monitored by Directorate Management Teams.
5. As outlined in the 2021/22 outturn report, considered by Executive in June 2022, many of the budget pressures are recurring whilst the mitigations that have allowed us to balance the budget were one off. Given the

recent increases in interest rates, rising inflation and the ongoing pressures in both adults and children's social care it is therefore unsurprising that the forecast is a significant overspend. Inflationary pressures are a particular challenge, adding some £4.5m to the overall forecast outturn. The 2022/23 pay award offer, whilst not yet confirmed, adds a further £2.5m to the expected pressures.

6. Whilst the council's overall financial health provides a strong platform upon which to meet these financial challenges and good progress is being made with the achievement of savings, the forecast outlined in this report remains a matter of concern. The ongoing pressures within social care will again need to be addressed in the 2023/24 budget setting process.

### **Recommendations**

7. Executive 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**

8. The gross financial pressures facing the council are projected at £7.7m but after mitigation it is considered that this can be brought down to a net position of £3.7m.
9. 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 £7.6m was allocated across the People directorate in the 2022/23 budget.
10. 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 likely 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.
11. A number of mitigations and cost control measures will need to be considered to ensure that there are additional expenditure controls in place to ensure a reduction in expenditure. Given the scale of the financial challenge, and the expected impact on budgets in future years due to inflationary and other pressures outlined above, it is vital that every

effort is made to balance the overall position. It is recognised that this will require difficult decisions to be made in order to protect front line services to vulnerable residents.

12. York is maintaining both sound financial management, and delivering priority services to high standards, during a continued period of significant financial challenge. Whilst the Council's track record of delivering savings and robust financial management provides a sound platform to continue to be able to deal with these and future challenges there remains a significant risk to ongoing service delivery and achievement of Council priorities that needs to be managed effectively.

## Financial Analysis

13. The Council's net budget is £135m. Following on from previous years, the challenge of delivering savings continues with £6.4m to be achieved in order to reach a balanced budget. The latest forecast indicates the Council is facing net financial pressures of £7.7m (after mitigation) and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below. The main variations and any mitigating actions that are proposed are summarised in Annex 1.

Service area	Net budget	2022/23 Net Q1 Forecast Variation	2022/23 Net Q2 Forecast Variation
	£'000		£'000
Children & Education	22,365	7,280	7,732
Adult Social Care & Integration	49,544	1,750	2,192
Place	21,748	747	0
Customers & Communities, Public Health & Corporate Services	24,655	693	693
Central budgets	18,072	-2,729	-2,829
<b>Sub Total</b>		<b>7,741</b>	<b>7,788</b>
Contingency	-1,000	-1,000	-1,000
Use of earmarked reserves			-3,000
<b>Net total including contingency</b>	135,384	<b>6,741</b>	<b>3,788</b>

Table 1: Finance overview

## Reserves and Contingency

14. The February 2022 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.8m (equating to 5% of the net budget). At the beginning of 2022/23 the reserve stood at £6.9m and, as part of the budget report, approval was given to maintain this level of reserve in 2022/23 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.
15. 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 2022/23, some growth will need to be included in the 2023/24 budget to ensure that reserves can be maintained at an appropriate level.
16. 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 and 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. It is expected that some £3m is available to support the 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.
17. As in previous years a contingency budget is in place and this is currently assumed to be available to offset the pressures outlined in this report. The unused budget of £0.5m from last year, added to the base budget of £0.5m totals £1m available to offset the forecast overspend.

## **Loans**

18. 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 6.25% is being charged. All repayments are up to date.

## **Performance – Service Delivery**

19. In spite of the many challenges that the organisation and City has faced over the last two years, 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.
20. It is likely that due to impacts of COVID, a number of the Council Plan indicators will continue to see a 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.
21. 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.
22. A summary of the strategic indicators that have an **improving** direction of travel based on the latest, new, available data are shown below and further details around all of the core indicator set can be seen in Annex 2.
  - **% of vacant city centre shops** – Whilst acknowledging that a number of city centre streets and prime commercial locations seem to be experiencing higher vacancy levels than York’s average, overall at the end of September 2022, there were 51 vacant shops in the city centre, which equates to 8% of all city centre shops, and is much lower than the national benchmark in 2021-22 of 14.4%.
  - **P&R Passenger Journeys** - Passenger journeys for park and ride customers totalled 0.74m (provisional) for Q2 2022-23. This is slightly higher than the journeys made during Q2 2021-22 showing that the recovery post-covid is continuing. Pre-pandemic figures were around 1.1m in Q2 2019-20.
  - **Local bus passenger journeys** - Passenger journeys on local buses totalled 2.25m (provisional) for Q2 2022-23. This is an increase on the

1.73m journeys made during Q2 2021-22, showing that the recovery post-covid is continuing. Pre-pandemic figures were around of 2.7m in Q2 2019-20.

- **Secondary school persistent absence rate** - The Department for Education did not report persistent absence during COVID-19 due to school closures. 2020-21 national data has recently been released showing that 14.8% of secondary age pupils were persistently absent during the academic year, compared to 12.1% of York secondary pupils.
- **Number of incidents of Anti-social behaviour within the city centre** – There were 1,276 incidents of anti-social behaviour during 2021-22, compared to 1,410 in 2020-21, and continues the year-on-year reduction seen since 2018-19. Figures for the first half of 2022-23 (500) indicate that this reduction is continuing.
- **Library Visits** – There were 226,066 library visits in Q2 2022-23 which compares with 298,937 in the same period in 2019-20 (pre-pandemic), suggesting the positive direction of travel is continuing. The quarterly figures have increased every quarter since before the pandemic.
- **Parliament Street Footfall** - Footfall in Parliament Street during Q2 2022-23 totalled around 1.9 million data captures. This is lower than the 2.1 million data captures during Q2 2021-22 and the 2.3 million data captures during Q2 2019-20 (pre-pandemic), but the numbers are improving each quarter.
- **CYC Apprenticeships** - The number of CYC stand-alone apprenticeships only, which excludes those within schools or being completed alongside existing roles, was 28 at the end of Q2 2022-23. During the height of the pandemic the number remained consistent but was slightly lower than previously seen. Levels have now not only recovered but are exceeding figures seen in recent years demonstrating the value placed on these roles within the CYC workforce and work being undertaken to increase participation.

23. Strategic indicators that have a worsening direction of travel based on the latest, new, available data are;

- **Number of homeless households with dependent children in temporary accommodation** - The latest available data shows that there are 28 homeless households with dependent children in temporary accommodation at the end of 2021-22 which is 57% of total households in temporary accommodation, an increase from 33% at

the start of the year. The national figures for England consistently showed throughout 2021-22 that around 62% of households in temporary accommodation were households with children. With increasing costs of living and demand for new housing the figures may suggest York is moving towards the national picture in this area although still a little below the benchmark. It should be noted that these figures are snapshot figures and therefore may fluctuate between the snapshot dates.

- **Average number of days to re-let empty Council properties** - The average number of days to re-let empty Council properties (excluding temporary accommodation) was 78 days at the end of Q2 2022-23. Although still high, this has reduced from 108 days at the end of May 2022.
- The Building Services department continues to experience significant challenges associated with the national issues of significant competition for skilled tradespeople and the shortage of building materials. This is in addition to the service continuing to work through the pent up demand for the service following the full release of lockdown restrictions. At the start of the calendar year, an “Action Plan” was created to support improvement through these challenges. The total number of void properties at the end of September 2022 was 89, which although still very high, has reduced from a peak of 152 at the end of Q2 2021-22.
- **New affordable homes delivered in York** - There were 224 new affordable homes delivered in York during 2021-22 which was a large increase on the 130 delivered during 2020-21.
- During the first six months of 2022-23 there have been 38 new affordable homes delivered which is a large reduction from previous years. A further 120 affordable homes completions are currently expected during 2022-23, which would constitute a total of 158 in the year. It is important to note that significant change is possible in the final outturn where, for example, unanticipated site or market factors result in some delay to completion beyond the financial year end.
- There is a significant future pipeline of affordable homes with planning permission in place across the council’s own newbuild development programme and section 106 planning gain negotiated affordable housing. Inclusive of applications with a resolution to approve from Planning Committee, there are around 950 affordable homes identified in approved planning applications. The progress ranges from sites that are being built out currently to others with substantial infrastructure or remediation challenges to resolve prior to

development. Over 350 of these have progressed through detailed planning, either as a Full application or Reserved Matters. The remainder are at Outline stage, with more uncertainty on timescales and final delivery levels, including the York Central affordable housing contribution.

- **Average sickness days per FTE – CYC (Excluding schools)** - At the end of August 2022, the average number of sickness days per FTE (rolling 12 months) has increased to 13 days. In 2020-21, sickness had reduced in the authority by approximately 2 days per FTE, to 8.8 days per FTE, which is close to the LGA public sector for Yorkshire and Humber authorities average of 8 days. Since the start of Covid, although exact comparative figures are not yet available, all authorities in Yorkshire and Humber are reporting a significant increase in sickness levels within the whole workforce due to both Covid cases and increased pressures in frontline services.
- On top of day-to-day managerial practices for sickness cases, additional work is underway to assist and remind managers of the support and services that employees can access as well as the managerial role in ensuring the wellbeing and absence management of those employees absent, or those who remain at work but showing signs of reduced resilience. Managers are being reminded of the importance of timely absence support for individuals and teams, and employees are reminded of the self care that they need to exercise to ensure that they are able to perform their roles effectively.

## **Annexes**

24. Annex 1 shows the quarterly financial summaries for each of the Council directorates.
25. Annex 2 shows performance updates covering the core set of strategic indicators which are used to monitor the progress against the Council Plan.
26. 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](http://www.yorkopendata.org) under the "performance scorecards" section.

## **Consultation**

27. Not applicable.

## **Options**



28. Not applicable.

### Council Plan

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

### Implications

30. 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

31. 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.

### Contact Details

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<b>Wards Affected: All</b>		✓	

For further information please contact the authors of the report

**Glossary of Abbreviations used in the report:**

CYC	City of York Council
FTE	Full Time Equivalent
LGA	Local Government Association

**Annexes**

Annex 1 – Directorate Financial Summaries

Annex 2 – Performance – Council Plan Outcomes