Meeting:	Executive
Meeting date:	16/11/2023
Report of:	Ian Floyd Chief Operating Officer Debbie Mitchell Chief Finance Officer
Portfolio of:	Councillor Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

2023/24 Finance and Performance Monitor 2

Subject of Report

1. This report sets out the projected 2023/24 financial position and the performance position for the period covering 1 April 2023 to 30 September 2023. This is the second report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.

2. The previous monitor report outlined the Council's serious financial position with a forecast overspend for 2023/24 of £11.4m. There has been a small improvement for Monitor 2, with a forecast overspend of £11.1m. However, further mitigation has been identified which has resulted in the net overspend reducing from £2m to £1.1m.

3. This is still a significant overspend that is of serious concern and it remains very clear that the Council cannot afford to keep spending at this level. The general reserve is £6.9m and, whilst we have other earmarked reserves that we could call on if required, continued spending at this level would quickly see the Council exhaust its reserves.

4. Given the scale of the forecast overspend, a series of actions was agreed previously to bring spending down to an affordable level, both

within the current financial year and over the next 4 years, to safeguard the Council’s financial resilience and stability.

5. At the time of writing this report (mid October) there has only been a small reduction in the forecast overspend. However, this is because it has been a relatively short period between reports, and it is expected that progress will improve over the coming weeks. Members should note that, should officers not see the required reductions in spend, further mitigations will be needed, and more stringent cost control measures will be implemented. Executive will be kept updated on the forecast.

Benefits and Challenges

6. This report is mainly to note the latest financial projections and current performance. The main challenge is delivering on agreed savings whilst also identifying further reductions in expenditure. The main benefit of approving the recommendations will be the ongoing financial stability of the Council.

Policy Basis for Decision

7. This report is mainly to note the latest financial projections and current performance. The ongoing financial resilience and stability of the Council will be essential to ensuring that Council priorities can continue to be achieved.

Financial Strategy Implications

8. This report sets out the projected financial position and identifies a range of actions that are necessary in order to reduce expenditure, both within the current financial year and over the next 4 years to safeguard the Council’s financial resilience and stability.

Recommendation and Reasons

9. Executive is asked to:
    - Note the finance and performance information.

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

Background

Financial Summary and Mitigation Strategy

10. The latest forecast is that there will be an overspend of £11m. This is despite action being taken by managers across the Council to try and reduce expenditure. If the Council continues to spend at the current level, and no action is taken, then we will continue to overspend and will exhaust our reserves and any other available funding. The current level of expenditure is unaffordable and therefore we must take immediate action to reduce expenditure. If we do not start to see an improvement in the forecast, there will need to be further measures implemented to ensure that the required impact is seen by the end of the financial year.

11. As outlined in reports to Executive throughout the previous financial year, we have continued to see recurring overspends across both Adult and Children's Social Care. However, the underspends and mitigations that have allowed us to balance the budget at year end have generally been one off. Whilst the use of reserves to fund an overspend is appropriate as a one-off measure, it does not remove the need to identify ongoing savings to ensure the overall position is balanced. The budget report considered by Executive in February 2023 also included an assessment of risks associated with the budget, which included the need to secure further savings and effectively manage cost pressures.

12. Members will be aware that the financial position of local government is a national challenge and that the pressures being seen across both Adult and Children's Social Care are not something that is unique to York. Many Councils are experiencing significant financial pressures and struggling to balance their budgets now, so it is vital that we take immediate action to reduce our expenditure down to a sustainable level both within the current financial year and over the medium term. Taking decisive action now will safeguard the Council's financial resilience and stability and prevent York being in a position where it is unable to balance its budget in future years. This means that, in addition to the actions proposed in this report, there will be a need to continue to identify further mitigations and savings for future years.

13. Given the scale of the financial challenge, and the expected impact on budgets in future years, 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 to protect services for vulnerable residents.

14. Corporate control measures are being implemented but they will not deliver the scale of reduction needed within the year. Other savings proposals, including service reductions, are also needed. A full list of these was included in the monitor 1 report considered by Executive in September.

15. Alongside these actions, officers will continue to carefully monitor spend, identify further mitigation, and review reserves and other funding to make every effort to reduce this forecast position. However, 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. As outlined in previous reports, any use of the general reserve would require additional savings to be made in the following year to replenish the reserve and ensure it remains at the recommended minimum level.

16. It must be a clear priority for all officers to focus on the delivery of savings plans during the year. Corporate Directors and Directors will keep Executive Members informed of progress on a regular basis.

Financial Analysis

17. The Council's net budget is £141m. Following on from previous years, the challenge of delivering savings continues with c£6m to be achieved to reach a balanced budget. The latest forecasts indicate the Council is facing net financial pressures of £11.1m and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget	2023/24 Gross Forecast Variation	Mitigation	2023/24 Revised Forecast Variation after mitigation
	£'000	£'000	£'000	£'000
Children & Education	25,083	4,637	-910	3,727

Adult Social Care & Integration	45,329	6,688	-3,281	3,407
Place	22,605	-1,223	-140	-1,363
Customers & Communities, Public Health & Corporate Services	26,437	2,000	-1,000	1,000
Central budgets	22,670	-1,000		-1,000
Sub Total		11,102	-5,331	5,771
Contingency	-500		-500	-500
Use of earmarked reserves			-4,250	
Target for further mitigation			-1,021	-1,021
Total including contingency	141,624	11,102	-11,102	nil

Table 1: Finance overview

Reserves and Contingency

18. The February 2023 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 2023/24 the reserve stood at £6.9m.

19. Should the mitigation outlined in this report 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 2023/24, growth will need to be included in the 2024/25 budget to ensure that reserves can be maintained at an appropriate level.

20. 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.

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. There is currently a balance of £31.2m available in earmarked reserves. Following a review, it is considered appropriate that c£4m can be released from a range of areas. We will also look at amounts held by fully owned Council companies to ensure that reserves are not being held at a level that is unnecessarily high.

21. 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.

Loans

22. Further to a scrutiny review, it was agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. There is one loan in this category for £1m made to Yorwaste, a company part owned by the Council in June 2012. Interest is charged on both loans at 4% plus base rate therefore interest of 9.25% is currently being charged. All repayments are up to date.

Directorate Analysis

<u>Children and Education</u>

23. The forecast directorate outturn position is an overspend totalling £4,637k and the table below summarises the latest forecasts by service area.

	2023/24 Budget	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Children's Safeguarding	21,943	+3,716	+17.3

Education & Skills	14,719	+800	+5.4
School Funding & Assets	-7,642	+82	+1.1
Director of C&E & Central Budgets	-3,208	+39	-0.9
Total Children & Education	24,935	+4,637	+18.6

Mitigations to reduce forecast overspend	
Direct Payments Review	-200
Removal of budget contingency held within service	-100
Use of unallocated budget growth	-50
Grant income received in excess of amounts accrued	-150
Use of Supporting Families Reserve	-100
Redirection of Unspent Grant Monies	-310
Revised position	3,727

24. There has been significant progress made in reviewing and reducing the expenditure across Children & Education, with a substantial reduction in the use of agency staff and the cost of placements. This is extremely positive and is against the national trend of ever increasing overspends in Children's Services. However, costs are increasing due to inflation, an increase in safeguarding activity reflecting greater complexity of needs and the challenges of a dysfunctional children's social care market.

25. As previously reported, the number of Children Looked After (CLA) in York has consistently been at a higher level than the budget was built to accommodate. The number at the beginning of the financial year was 267, at the end of September it was 256. Placement budgets are predicted to be overspent by a total of £3,010k, which is a significant improvement from the 2023/23 outturn which was £5,651k overspent. However, the pressure on this budget continues and is partly due to the limited market for children's placements and the statutory requirements placed on local authorities to meet children's needs, coupled with inflationary pressures which could worsen the position.

26. In addition, there is a predicted overspend in the Corporate Parenting Staffing Teams of £131k as the staffing budgets make no provision for the extra costs of agency staff. Nearly all the agency staff have now left.

27. An overspend in Disabled Children's Services of £578k is mainly overspends on direct payments. A specific project for reviewing historic direct payments is being investigated, which will clawback some of previous payments made and reduce ongoing costs.

28. Home to School Transport shows a forecast overspend of £644k. This continuing overspend is due to an increase in numbers for post 16/19 plus the provision of more specialist education provision locally. This is a much more cost-effective alternative to expensive out-of-city provision but has a consequent effect on this budget as we have had to provide more transport to establishments such as York College, Askham Bryan, Choose 2 and Blueberry Academy. The change in legislation to allow EHCPs up to the age of 25, resulting in significantly more students accessing this option, has also significantly increased our transport spend.

29. Staff resourcing issues and turnover in the SEND Statutory Services Team, and the need to resource this work to progress the Safety Valve targets has resulted in a small number of agency staff being appointed into this team over the period under consideration, resulting in a projected overspend of £118k (a significant improvement on the £405k overspend in 2022/23). The Educational Psychologists Service is predicted to underspend by £60k mainly due to vacancies in the team.

30. The Effectiveness and Achievement Service is predicted to overspend by £104k, mainly due to one-off unexpected expenditure, and also a delay in the implementation of a saving.

31. An overall underspend of £82k is predicted to be achieved within the Virtual School and Inclusion service, due to one-off savings in non-staffing expenditure.

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

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

34. The brought forward balance on the DSG as at 1 April 2022 was a deficit of £5,843k, following the first payment of additional funding under the Safety Valve agreement in March 2022. The net position in 2022/23 would have been an overspend of £1,380k, however a further £4,500k of additional DSG was paid during the year as the LA successfully met the targets set out in year one of the agreed management plan. The result is a revised cumulative deficit of £2,723k to carry forward to 2023/24.

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

<u>Adults</u>

36. The projected outturn position for Adult Social Care is an overspend of £6,688k and the table below summarises the latest forecasts by service area. This projection is based on customer numbers and costs in the first two months of the year. The projection assumes that £1,832k of previously agreed savings will be made by the end of the year.

	2023/24 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Direct Payments	4,813	1,097	25.1
Home and Day Support	1,234	2,341	197.9
Supported Living	14,527	1,491	5.1
Residential care	13,639	2,444	8.6
Nursing care	4,905	788	11.7
Short term placements	1,228	-427	17.7
Staffing (mostly social work staff)	7,261	229	5
Contracts and Commissioning	2,341	3	-1
In House Services	4,817	34	-0.5
Be Independent & Equipment	929	252	5.3
Other	-10,318	186	0.5
Recharges	-47	50	106.4
Total Adult Social Care	45,329	8,488	15.1

*Note that at Q1 these savings were shown net and for Q2 they have been grossed up

Mitigations to reduce forecast overspend	
Use of Market Sustainability and Improvement Fund for price pressures	-600
Recover all unused Direct Payments	-500
New practice model across Home Care	-1,000

Impact of introducing residential and nursing framework for providers	-1,500
Review of high-cost packages and Supported Living Schemes	-600
Service Improvement	-250
Review of CHC claims	-375
Other	-256
Revised position	3,407

37. A number of factors have come together to make an extremely challenging operating environment for adult social care.

38. Most services that deliver care are commissioned by CYC from the independent sector where the cost of providing care has been increasing through inflation, for example in workforce and utilities costs. Partners such as the NHS are also under pressure meaning there is increased pressure on social care to support hospital discharge and to support people with increasingly high needs at home. Austerity, the pandemic and cost of living crisis have meant that more people than ever feel the need to come to the local authority seeking support. Our population is ageing and has the increased additional needs this brings. This is at the same time as increased additional responsibilities around the delivery of high quality, personalised, accessible and affordable support have come through the ‘People at the Heart of Care’ national strategy and regulatory requirements of the care quality commission, without the necessary additional resource to fund this.

39. In order to manage within budget we will see significant reductions in the price we pay, the numbers of people we provide commissioned services to, the amount of the services which people receive and the type of commissioned service we provide.

40. Introduction of robust and fair provider frameworks to limit the cost while maintaining the quality of residential homes, nursing homes, supported living and home care are being introduced. The introduction of brokerage services to link this provision to the assessment of individual need will ensure that we make best use of such services. We have in place assurance processes to check,

challenge and where necessary decline assessments and requests for service. Over the coming months there is a refresh of the practice model to assure good assessments and decision making that requires all personal and community assets and assistive technology is used before services are put in place.

41. The number of people entering residential and nursing care have been declining over recent months due to the introduction of measures above. However, we have people placed in services in the past at higher rates and in order to deliver budget reductions, we need to see the total numbers of people in these settings reduce and this will happen over time. The completion of the refurbishment of the independent living scheme at Glen Lodge is also key to achieving this.

42. This decrease in the use of residential and nursing care puts additional pressure on use of home care. The numbers of people receiving home care home care services will also reduce. This will happen through an improved of short reablement services, which requires retendering, a remodelling of the front door, which is planned through the improved practice model, increasing our brokerage capacity to cover all service areas, bringing our communities services closer to adult social care and improvements in the use of assistive technology.

43. The following paragraphs outline the main variations.

External Care

44. The Council purchases care from external providers who support customers to meet their assessed needs. There are a variety of purchasing arrangements such as block contracts (purchasing a set number of beds/hours at a set rate), spot arrangements where prices are negotiated on an individual customer basis and frameworks where providers specify a rate, and the Council will approach those providers but are not contractually bound to use.

45. The Council can also be a lead commissioner for a package of care where Health contributes an element towards the health needs of a customer and current practice is for the Council to pay the provider and recover from Health.

46. Direct Payments are slightly different in that payments are made to individuals who then control how the many is spent to meet their assessed needs, usually with the assistance of a support agency who

help with the administration of the funds such as payroll, paying invoices etc.

47. ASC generally organise themselves alongside the four main customer groups and allocate the budgets accordingly. These are:
    - Customers with a Learning Difficulty (LD)
    - Customers with a Physical &/or Sensory Impairment (P&SI)
    - Customers experiencing poor Mental Health (MH)
    - Older customers experiencing mobility issues, memory and cognition issues, frailty (OP)

48. The following sections describe the variations to budgeted costs, customer number and income. The variations are generally due to not fully meeting previous years' savings targets plus significant price pressures in the market.

Direct Payments

49. The main overspend is on Learning Disability (LD) direct payments, which are expected to overspend by £1,021k. This is mainly due to the average cost of a direct payment being £132/week more than in the budget (£875k) and the average cost of a transport direct payment being £50/week more than budgeted for (£292k). In addition, there is a shortfall against the health income budget as there are currently 5 fewer customers receiving CHC income and the average income received per customer is £176/week less than assumed when the budget was set (£246k). This is offset by an increase in direct payment reclaims since Q1.

Home and Day Support

50. P&SI Community Support is projected to overspend by £356k. The average weekly hours of homecare provided by framework providers is 88 more than in the budget (£102k) and the average cost of homecare is around £5 an hour more (£261k). In addition to this there has been a reduction of 7 in the number of customers receiving health contributions towards their care (£274k). This is partially offset by having 2 fewer customers on homecare exception contracts (£68k), the average cost of a day support placement is £51/week less than in the budget (£65k) and there has been an increase of £11/week in the average weekly contributions received per customer (£148k).

51. The OP Community Support Budget is projected to overspend by £745k. The average weekly hours of homecare provided by framework providers is 924 more than in the budget (£1,171k), and

there are 17 more customers on homecare exception contracts than budgeted for (£259k). This is partially offset by the average cost per customer of an exception contract being £164/week less than in the budget (£477k), together with an increase of £16/week in the average contribution received per customer.

52. LD Community Support budgets are expected to overspend by £836k. There are 3 more homecare customers than assumed in the budget (£88k) and the average cost per customer is £177/week more than budgeted for (£111k). In addition to this there are 3 more day support customers than in the budget (£109k) and the average cost per day support customer is £38/week more (£300k). Finally, health income is expected to be less than budget due to the average income per customer being £283/week less than assumed in the budget.

53. Mental Health community support is projected to overspend by £353k. This is mainly due to having 10 more homecare and 10 more day support customers in placement than was assumed when the budget was set.

Supported Living

54. Supported Living are settings where more than one customer live, with their own tenancy agreements, where their needs are met by a combination of shared support and one to one support.

55. The LD Supported Living budget is projected to overspend by £550k. The average cost of a placement is £39/week more than in the budget (£387k), and expenditure on voids is expected to be around £245k this year. This is offset by an increase in income largely due to the average S117 contributions from health being £556/week per customer higher than was assumed when the budget was set (£87k).

56. The P&SI Supported Living schemes budget is expected to overspend by £885k. The average cost of a placement is around £328/week higher than in the budget (£904k) and there has been a reduction in health income due to the average income per customer being £1,272/week less than in the budget (£199k). This is offset by having 2 fewer customers in placement (£96k) and the average customer contributions received are around £57/week per customer more than in the budget (£122k).

Residential care

57. OP permanent residential care is projected to overspend by £1,672k. There are currently 12 more customers in placement than in the budget (£609k) and in addition the average cost per placement is £132/week higher (£1,520k). This is offset by an increase of £39/week in the average customer contributions being received (£457k).

58. LD residential care budgets are expected to overspend by £765k. This mainly due to the average cost of a working age placement being £458/week more than in the budget (£1,600k) and there being 4 fewer customer receiving health contributions than budgeted for (£135k). This is offset by having 6 fewer customers in placement (£694k) and the average health income received per customer is around £810/week more than in the budget.

Nursing Care

59. OP Permanent Nursing Care is projected to overspend by £341k. The average cost of a placement is £174/week more than in the budget (£1,225k), there has been a reduction in health income due to having 10 fewer health funded customers (£406k) and the average health contribution per customer is £136/week less than budgeted for (£248k). This is offset by having 14 fewer customers in placement (£739k), the average placement cost for a S117 customer is £538/week less than in the budget (£449k) and there has been an increase of £56/week in the average customer contributions received (£350k).

60. There is expected to be an overspend of £357k on Mental Health nursing care budgets due to there being 3 more customers in the over 65 budget (£152k) and 2 more customers in the working age budget (£205k) than was assumed when the budget was set.

Short Term Placements

61. These are a combination of emergency and planned placements that can be used to step people out of hospital, provide respite for carers, respond to an emergency etc but are time limited with exit strategies.

62. The OP short term placements budget is expected to underspend by £390k. The underspend on step up step down beds (£257k) is due to additional health funding having been secured for these beds. There is also a projected underspend on the nursing emergency placement budget as the number of placements to date has been less than assumed in the budget (£258k). This is partially offset by an increase

in the residential emergency placements made to date which suggests that there will be an overspend on this budget by the year end.

In House Services and Staffing

63. The Council employees a variety of staff to advise and assess residents' and customers' social care needs. We also directly provide care and support to individuals and have teams which provide home care both in the community and in our Independent Living Schemes as well as running day support activities for those with a learning difficulty and those experiencing poor Mental Health. We also operate short stay residential care for the same customer groups.

Staffing

64. There is expected to be an overspend on staffing due to the use of agency staff in the Hospital team (£219k), being over establishment on AMHP posts in Mental Health (£122k) and the use of agency staff together with being one team manager over establishment in the LD team (£78k). This is partially offset by vacancies elsewhere in the service.

In House Services

65. Clarence Street and 22 The Avenue are projected to overspend by £79k in total largely to an underachievement of income from both (£75k).

66. Yorkcraft is projected to overspend by £175k due to an underachievement of income (£83k) and failure to achieve previous years budget savings (£93k).

67. The Bungalow is expected to underspend by around £108k in total mainly due to staffing vacancies in the service.

68. The Night Care service is expected to underspend by £63k due to staffing vacancies.

Be Independent & Equipment

69. Be Independent provide equipment to customers to allow individuals to remain independent and active within their communities. They also provide an alarm response service means tested as to whether a customer pays for it.

70. Be Independent is currently projected to overspend by £252k. There is still a budget gap of £130k and a £50k overspend on recharges

arising from when the service was originally outsources to be fully addressed. In addition staffing is expected to overspend by £120k largely due to an unfunded regrade of some of the posts in the team and to having a review manager post above establishment and there is expected to be an underachievement of the customer income target based on current customer numbers (£75k). This is offset by additional income arising from Mediquip moving into the site at James Street (£100k) and other minor underspends across the budget.

Place

71. The forecast directorate outturn position is an underspend totalling £1,223k and the table below summarises the latest forecasts by service area.

	2023/24 Budget £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
Transport	6,846	-319	-5
Fleet	-237	36	15
Highways	4,457	500	11
Parking Services	-6,779	-1,251	-18
Waste	15,149	-1,264	-8
Public Realm	3,298	92	3
Emergency Planning	115	0	0
Planning Services	-133	451	339
Forward Planning	421	0	0
Public Protection	766	-2	0
Community Safety	688	0	0
Asset and Property Management	624	-90	-14
Facilities Management	1,293	552	43

Commercial Property	-4,336	0	0
Regen & Economic Development	406	0	0
Housing Services	-476	72	15
Management and Support	446	0	0
Place total	**22,605**	**-1,223**	**-5**

Mitigations to reduce forecast overspend	
Increase parking charges by 10p	-70
Reduce use of agency to cover sickness absence in public realm	-60
Do not undertake any winter bedding activity	-10
Revised forecast	**-1,363**

72. The primary reason for the underspend is continued strong performance from income particularly relating to parking. There are also underspends across waste from recyclate sales and lower than forecast waste tonnages. Offsetting these costs there are continued higher than budgeted utility costs across street lighting and council offices.

73. Car park income to 30th September has remained strong across the city at being £365k (9%) ahead of income to the corresponding date in 2022/23 and £947k (28%) ahead of budget. It is not assumed that this increase will continue throughout the year however it is not unreasonable to assume that income will continue to be above budget. A current assumption of £1.35m ahead of budget is assumed in this forecast. That is offset by additional processing costs and costs across parking services. Income levels are monitored on monthly basis and the forecast will be updated regularly throughout the year.

74. There is a forecast underspend of (£1,264k) across waste disposal and collection. This is from a combination of additional recycling income due to higher than budgeted commodity prices. Income levels are forecast at £350k above budget which is lower than 2022/23 but higher than budget.

75. Across Waste Collection operational costs are estimated at £490k below budget as vehicle repairs and hire are below budget as the fleet is relatively new. Residual waste tonnages across York and North Yorkshire are also lower than forecast which allows capacity within Allerton Park (£365k) to be filled with commercial waste from Yorwaste which provides additional income.

76. Latest monitoring indicates a forecast shortfall in planning fees of £300k. There has been a slowdown in income levels related to the downturn in the housing market/ This will continue to be monitored closely and the profile of planning income will be reviewed in light of the impact of the Local Plan.

77. The budget for facilities management assumes full occupation of external partners at West Offices. There remains a void on floor two whilst let is still subject to final completion. This has led to a forecast shortfall of £380k.

78. The energy budgets across Place were increased in 2023/24 to reflect the large increases in gas and electricity prices that occurred in 2022/23. There have however been a further 30% increase in electricity prices in 2023/24 which have led to forecast overspends in Highways (£500k) and Facilities management £175k.

79. Elsewhere on this agenda, a report provides an update on the Castle Gateway masterplan which outlines potential abortive costs that would need to be charged to revenue. Once a decision has been made by Executive, further work will be carried out to determine the exact value of these costs and the result of this work will be included in the next monitoring report.

80. The overall directorate forecast assumes that a number of income budgets including commercial property and licensing will outturn on budget. These will require monitoring throughout the year as there are potential pressures across services.

Housing Revenue Account

81. The Housing Revenue Account budget for 2022/23 was set as a net deficit of £1,558k. There were carry forwards of £1,611k agreed as part of the outturn report meaning the revised budget stands at

£3,169k deficit (including £1,900k debt repayment). At the first monitor a nil variance is projected against this revised budget.

82. The HRA allocated significant increases for inflation to cover repairs and energy costs and at this stage of the year it is forecasted that the actuals will be contained within the budget.

83. Across energy costs assumed gas price increases were below those budgeted and therefore it is expected that costs will be circa £150k below budget but that will be dependent on the severity of winter.

84. There are continued forecast shortfall in dwelling rental income of £560k due to the level of voids. Glen Lodge currently has around 30 empty properties pending the refurbishment works, this also has an impact on the service charges income. These pressures will be offset by the teams carrying vacant posts and the bad debt provision budget remains at a prudent level.

85. The depreciation charge for the HRA is anticipated to be £500k higher than budget. This can be mitigated from higher than budgeted interest on credit balances as interest rates are significantly higher than budget.

86. The HRA working balance position as at 31st March 2023 was £29.4m. The HRA projected outturn position means the working balance will reduce to £26.2m at 31st March 2023. This compares to the balance forecast within the latest business plan of £25.7m.

87. The high level of working balance is available to start repaying the £121.5m debt that the HRA incurred as part of self-financing in 2012. The first repayment of £1.9m is due in 2023/24 and can be met from current resources.

Corporate, Customers & Communities

88. The forecast outturn position for the remaining areas of the Council is a net overspend of £920k and the table below summarises the latest forecasts by service area.

	Budget £'000	Variance £'000	Variance %
Chief Finance Officer	2,923	176	6
HR and Corporate Management	2,545	88	3
Customers & Communities	15,899	1,152	7
Governance	5,063	504	10
Public Health	14	0	0
Total Corporate, Customers & Communities	**26,444**	**1,920**	**7**
Other central budgets and treasury management	22,382	-1,000	4

Mitigations to reduce forecast overspend	
Vacancy management and cost control measure across all areas	-1,000
Further review of Treasury Management and borrowing forecasts	
Revised position	920

89. Within Customers and Communities, the most significant pressure (£600k) arises from the continued pressure across Housing Benefit Overpayments as the move to Universal Credit reduces opportunities to achieve income from recovering overpayments.

90. There is also continued pressure from the loss of external payroll contracts within the Payroll Team (£242k), however, vacancies are

being held wherever possible within Business Support to reduce the overspend.

91. Historical income shortfalls at the Mansion House combined with existing saving targets and pressures from premises costs are proving challenging. Budget panels have been held recently to discuss ways of improving the position going forwards.

92. Energy and maintenance contract inflation is causing pressure with the Bereavement Services, but it is hoped that this will be mitigated by increased income from the Crematorium by the end of the year.

93. Within the Governance department there are forecast pressures across legal services income recovery from capital fees and pressures regarding coroner fees. There are also concerns over the achievability £125k savings target through advertising income this year, a paper is being taken to CMT to discuss options.

94. Since the last report the proposed External Audit fee has been received, an increase of £175k. This has been noted and included in the Medium Term Financial Plan.

95. Across all these service areas Managers are being tasked with identifying mitigations that will reduce these pressures. These will include holding vacancies, cash limiting budget areas and striving to maximise income generation. This will be carefully monitored and reported back at future monitoring reports. The impact of holding vacancies where possible has yet to be quantified.

Performance – Service Delivery

96. This performance report is based upon the city outcome and council delivery indicators included in the Performance Framework for the Council Plan (2023-2027) which was launched in September 2023. This report only includes indicators where new data has become available, with a number of indicators that support the Council plan being developed. Wider or historic strategic and operational performance information is published quarterly on the Council's open data platform; www.yorkopendata.org.uk

97. The Executive for the Council Plan (2023-2027) agreed a core set of indicators to help monitor the Council priorities and these provide the structure for performance updates in this report. 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.

98. A summary of the city outcome and council delivery indicators by council plan theme, based on new data released since the last report, are shown below and the latest data for all of the core indicator set can be seen in Annex 1.

Performance - Health and Wellbeing: A health generating city

99. % of adults that are physically active – The latest data from the Adult Active Lives Survey for the period from mid-November 2021 to mid-November 2022 was published in April 2023. In York, 497 people aged 16 and over took part in the survey, and they reported higher levels of physical activity, and lower levels of physical inactivity, compared with the national and regional averages. Positively:

a) 70% of people in York did more than 150 minutes of physical activity per week compared with 63% nationally and 65% regionally. There has been no significant change in the York value from that 12 months earlier.

b) 20% of people in York did fewer than 30 minutes per week compared with 26% nationally and 23% regionally. There has been no significant change in the York value from that 12 months earlier.

100. Overall satisfaction of people who use services with their care and support - Data at LA and national level for 2021-22 was published in October 2022, and the data shows that there has been a decrease in satisfaction levels experienced by York's ASC users compared with 2020-21 (down from 72% to 65%). This has been mirrored at a national level (a decrease from 68% to 64%) as ASC users have found life increasingly difficult. Results for the 2022-23 Adult Social Care User Survey will be published in December 2023.

101. Children and young people in care per 10k, excluding short breaks – At the end of September 2023, 254 children and young people were in York's care. As a rate per 10k population, this is level with the national average. Unaccompanied Asylum Seeking Children (UASC), a sub-group of children in care, are expected to increase in number in York. At the end of September, 16 of York's children in care were UASC, compared to only 8 in March 2022. The National Transfer Scheme now mandates that "the Home Office will not transfer UASC

to an authority that is already looking after UASC in line with, or greater than, 0.1% of their child population". For York, this is equivalent to approximately 36 young people meaning this sub-group of children in care has the scope to more than double.

102. Children subject to a Child Protection Plan - 126 children were the subject of a Child Protection Plan at the end of September 2023. Whilst the number of children has increased since last quarter, this is within York's expected range (111-141 child protection plans) and the range of comparator averages.

Performance - Education and Skills: High quality skills and learning for all

103. % of working age population qualified - In 2021-22, 87.9% of the working age population in York were qualified to at least L2 and above (GCSE grades 9-4), which is higher than the national and regional figures (78.2% and 76.4% respectively). This result ranks the city of York first regionally. The 2021-22 figure has increased from 2020-21 (83.4%). Achieving level 2 is valuable in itself: full level 2 qualification on average results in a 9% increase in earnings.

104. In 2021-22, 59.3% of the working age population in York were qualified to at least L4 and above (certificate of higher education or equivalent), which is higher than the national and regional figures (43.5% and 38.0% respectively). This result ranks the city of York first regionally. The 2021-22 figure is a big increase from 2020-21 (46.4%).

Performance - Economy: A fair, thriving, green economy for all

105. Universal Credit Claimants - Universal credit claimants remain around double the numbers seen before the pandemic. Although numbers had begun to recover in 2021-22, they have since increased further following the cost of living crisis.

106. At the end of September 2023 there were 12,242 people, in York, on Universal Credit which is an increase of 91% compared with February 2020 (pre-pandemic figures). Following a high of 13,236 in February 2021, the figures dropped to a low of 11,054 in May 2022 but they have steadily increased since then.

107. % 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 Q2 2023-24, there were 58 vacant shops in the city centre

(seven more than the number at the end of Q2 2022-23), which equates to 9.2% of all city centre shops, and is much lower than the national benchmark in 2022-23 of 13.8%.

108. Business start ups - Figures for 2022-23 showed 870 new business start-ups for York, which is higher than in the previous year (746 in 2021-22). The York figure is at only a slightly lower level to that seen before the pandemic (932 in 2019-20). The year to date figure up to the end of August 2023 of 386 new start ups is in line with previous years.

109. % of working age population in employment (16-64) - In 2022-23, 83.6% of the working age population were in employment, which is higher than the national and regional figures (75.5% and 74.4% respectively) and the York performance gives the city a ranking of first regionally. The figure for 2022-23 in York is higher than seen in previous years.

110. % of Total Employees working for an Accredited Living Wage/Good Business Charter employer - 16% of employees worked for an Accredited Living Wage employer and 13% worked for an Accredited Good Business Charter employer in 2022-23, which are both higher than in the previous year (14% and 12% respectively).

Performance - Transport: Sustainable accessible transport for all

111. Index of pedestrians walking to and from the City Centre - From a baseline in 2009-10 (37,278), there has been a 23% increase in the number of pedestrians walking to and from the city centre in 2022-23. This is 19% higher than in 2021-22 and the highest increase seen for a number of years. Data is gathered on an annual basis over the course of one day; it is a count of pedestrians crossing an inner cordon set just beyond the inner ring road and includes off-road routes such as riverside paths.

112. The number of CYC electric vehicle recharging points - There were 103 CYC electric recharging points in Q2 2023-24, which is seven fewer than in the previous quarter.

Performance - Housing: Increasing the supply of affordable housing

113. Number of new affordable homes delivered in York - During 2022-23 there have been 109 new affordable homes delivered which is comparable with the broad trend over the past decade. This is significantly below the identified level of need, however, national

scale challenges facing many areas with buoyant housing markets such as a shortage of sites for affordable housing and labour and supply chain constraints have affected delivery in York this year.

114. 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.

115. % of dwellings with energy rating in A-C band in the EPC register - An Energy Performance Certificate (EPC) gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for 10 years, and apart from a few exemptions, a building must have an EPC assessment when constructed, sold or let. Whilst the EPC register does not hold data for every property, it can be viewed as an indication of the general efficiency of homes. The rating is based on how a property uses and loses energy for example through heating, lighting, insulation, windows, water and energy sources. Each area is given a score which is then used to determine the A-G rating. In 2022, the median energy efficiency rating for a dwelling in England and Wales was Band D and a rating of A-C is generally considered to be good energy performance.

116. At the end of August 2023, 43.4% of properties on the register for York had an EPC rating of A-C which is a slight increase from 42.1% at the start of the year. The median grade for York for the same period was band D which follows the latest national benchmark. Data is based on the last recorded certificate for 58,553 properties on the register for York, some of which will have been last assessed more than ten years ago.

117. Number of homeless households with dependent children in temporary accommodation - The latest available data shows that the number of households with dependent children in temporary accommodation has increased during 2022-23 from 22 at Q1 to 35 at

Q4, which is 51% of total households in temporary accommodation. Generally, the households with children rise and fall in line with the total households and there was a peak at the end of 2021-22 where 57% were households with children. Numbers reduced during the height of the pandemic but have since been increasing and are now just above levels seen in the years before the pandemic.

118. The increase in numbers of households in temporary accommodation can also be seen nationally for 2022-23, and when looking at the total number of households in temporary accommodation per households in area (000s), York continues to perform positively compared to benchmarks (0.78 in York compared to 4.35 Nationally, 1.1 Regionally and 16.54 in London). It should be noted that these figures are snapshot figures and therefore may fluctuate between the snapshot dates.

119. Number of people sleeping rough - There were 22 people sleeping rough in York in September, which is a slight increase from 19 in June. Every Thursday, Navigators carry out an early morning street walk checking known rough sleeping hot spots and responding to intel or reports of rough sleepers. The monthly figure is based on the number of rough sleepers found bedded down on the last Thursday of each month.

120. % of dwellings failing to meet the decent homes standard - The Decent Home standard sets out specific standards that properties in the social housing sector should meet; relating to items which must be kept in a reasonable state of repair and safety. By carrying out focussed programmes in these areas, particularly the Electrical Testing programme, the council have been able to increase the percentage of properties which meet these standards. In 2022-23, the percentage of properties failing to meet these standards was 1.6%, which has decreased over the last few years from 11% in 2019-20.

121. % of repairs completed on first visit - The percentage of repairs completed on the first visit was 73.8% in Q2 2023-24, which is fairly low compared to the previous few years.

122. Number of void properties - Numbers of standard void properties had been reducing throughout 2023-24 from 73 at the start of the year to 36 in July, which is the lowest seen. The latest figure shows a slight increase to 47 standard voids in September, although this is still much lower than the 89 standard voids in September 2022. There

were 6 major works voids at the end of September 2023 which is a large decrease on the 21 major works voids in April 2023.

Performance - Sustainability: Cutting carbon, enhancing the environment for our future

123. Percentage of household waste sent for reuse, recycling or composting – In Q4 2022-23 there has been a reduction in total household waste collected to 857kg per household from 906kg last year, but within this the level of residual (approx. non-recycling) household waste has remaining above 500kg per household. This has meant that the latest provisional data for the amount of household waste sent for reuse, recycling or composting is 33.4% which is a small decrease from 36.3%. There was also a small decrease in the annual reuse, recycling or composting rate to 41.3% from 43.2% last year.

124. % of Talkabout panel satisfied with their local area as a place to live - The first biannual resident satisfaction survey taken by the Talkabout panel took place during Q1 2023-24. Results from the Q1 2023-24 Talkabout survey showed that 83% of the panel were satisfied with York as a place to live, and 81% were satisfied with their local area, both consistent with results from Q3 2022-23. A slight decline in satisfaction with the local area can be seen over recent years but York continues to perform well against the latest national figure of 76% (Community Life Survey 2021-22).

125. % of Talkabout panel who give unpaid help to any group, club or organisation - Results from the Q1 2023-24 Talkabout survey found that 62% of panellists had given unpaid help to any group, club or organisation within the last 12 months. This is a slight increase from Q3 2022-23 (61%), and higher than the latest national figure of 55% taken from the government's Community Life Survey 2021-22.

126. % of Talkabout panel who think that the council are doing well at improving green spaces - The results for Q1 2023-24 showed that 38% of respondents agreed the Council and its partners are doing well at improving green spaces, the same as Q3 2022-23.

Performance - How the council will operate

127. FOI and EIR - % of requests responded to in-time – 92.4% of requests were responded to in-time during 2023-24 up until the end of September which is the highest figure seen since the end of 2018-19.

128. % of 4Cs complaints responded to in-time - In Q2 2023-24, there has been a decrease in the number of corporate complaints received compared to the same reporting period in 2022-23 (364 in Q2 2023-24 compared to 652 in Q2 2022-23). There has been a small reduction in performance for the percentage of corporate complaints responded to in time (93.3% in Q2 2023-24 compared to 95.3% in Q2 2022-23).

129. Average sickness days per full time equivalent (FTE) employee - At the end of July 2023, the average number of sickness days per FTE (rolling 12 months) had decreased to 11 days from 13 in July 2022. Recently released benchmarks show that the CIPD public sector benchmark is 10.6 days per FTE, putting us in line with national trends.

130. York Customer Centre average speed of answer - Phones were answered, on average, in 10 seconds in Q2 2023-24 by the York Customer Centre which is the lowest figure seen during 2023-24 and much lower than the average of 1 minute and 42 seconds during 2022-23.

Consultation Analysis

131. Not applicable

Options Analysis and Evidential Basis

132. Not applicable

Organisational Impact and Implications

133. The recommendations in the report potentially have implications across several areas. However, at this stage

- **Financial implications** are contained throughout the main body of the report.
- **Human Resources (HR),** there are no direct implications arising from this report.
- **Legal** the Council is under a statutory obligation to set a balanced budget on an annual basis. Under the Local Government Act 2003 it is required to monitor its budget during the financial year and take remedial action to address overspending and/or shortfalls of income. Further work is

required to develop and implement proposals that will allow the Council to bring its net expenditure in line with its income. There may be legal implications arising out of these proposals that will be considered as part of the development and implementation of those proposals. If the Council is unable to set a balanced budget, it is for the Chief Financial Officer to issue a report under s114 of the Local Government Finance Act 1988 ('a section 114 notice').

- **Procurement**, there are no direct implications arising from this report.
- **Health and Wellbeing**, reductions in spend in some areas could impact on the health and wellbeing of both our staff and residents. The impact of any reductions in spend will continue to be carefully monitored so that implications can be considered and mitigated where possible.
- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, are contained throughout the main body of the report. Where decisions impact on residents on a low income these impacts will be recorded in the individual Equalities and Human Rights analysis referred to below.
- **Equalities and Human Rights**, 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.
- **Data Protection and Privacy,** there are no implications related to the recommendations.
- **Communications**, the information set out in this report necessitates both internal and external communications. With ongoing interest in the current state of Local Government funding, we anticipate this report will attract media attention. A comms plan has been prepared to help make the information about the forecast overspend and the controls proposed clear and understandable, with opportunities to facilitate staff discussion arranged.
- **Economy**, there are no direct implications related to the recommendations.

Risks and Mitigations

134. 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.

135. The current financial position represents a significant risk to the Council's financial viability and therefore to ongoing service delivery. It is important to ensure that the mitigations and decisions outlined in this paper are delivered and that the overspend is reduced.

Wards Impacted

136. All.

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Annexes

Annex 1: Q2 Performance Tables – City Outcomes and Council Delivery Indicators 2023-2027