

Report of the Deputy Chief Executive / Director of Customer & Corporate Services
Portfolio of the Executive Member for Finance and Performance

2019/20 Finance and Performance Monitor 3

Purpose of the Report

- 1 To present details of the overall finance and performance position for the period covering 1 October 2019 to 31 December 2019, together with an overview of any emerging issues. This is the third report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.

Recommendations

- 2 Executive is asked to
 - note the finance and performance information

Reason: to ensure expenditure remains within the approved budget

Financial Summary

- 3 The financial pressures facing the council are projected at £2.3m after applying existing contingency, which is higher than previous years' forecasts at this stage in the financial year.
- 4 The report highlights that there continue to be pressures within both Children and Adult Social Care. This reflects the national situation where councils across the country are managing largely unavoidable demographic and cost pressures. Managing these pressures will continue to be a challenge as both the numbers of people and complexity of individual situations create demands across the sector. Health partners are similarly challenged facing unprecedented demand and financial pressures. Some of this pressure impacts on social care as the desire to discharge patients in a more timely fashion increases the social care costs needed to facilitate discharge.
- 5 In recent years the council has made significant investment in adult social care and the July 2019 budget amendment invested additional funds to ensure quality services for the most vulnerable adults, including new

approaches to using technology, increase community led support and embed strength based approaches.

- 6 Independent sector care provision is in high demand and is high cost, partly as a consequence of the high proportion of people (65%) who fully fund their care without recourse to the Council, or until their funds are exhausted. Care providers in York have very high occupancy rates compared with most other areas of the country, and they are able to sustain their business without relying on council funded placements. The high employment rate in York limits the health and care system's ability to attract a sustainable workforce into the sector, which in turn contributes to the scarcity of services in periods of additional pressure, such as winter.
- 7 Monthly meetings are taking place between the finance team and Adult Social Care budget managers to explore in detail the opportunities to reduce the over-spend. Finance is a standing item at the Assistant Director of Adult Social Care's Management team as we maintain the high profile of finance within the directorate. The corporate director has also instigated a monthly finance and performance "spotlight" meeting to focus intently on areas which are causing concern. The corporate director also meets weekly with the head of finance and assistant director of adult social care and has assumed personal oversight of the overall budget position on a weekly basis. Additionally the interim Head of Paid Service is meeting regularly with the Director, the S151 officer and other senior staff and a Financial Improvement Board has been recently set up.
- 8 In respect of Children's Services, following the audit and review work instigated by the new leadership team Children's Specialist Services are on a fast paced improvement journey. Improvement work has meant that these cases have been reviewed, re allocated to qualified social workers and a number of cases have been escalated to either a child protection plan or have become children in our care. External review has confirmed that decision making on these cases is now appropriate.
- 9 However this re calibration comes as a financial cost. Children in Care numbers have increased from an average of 200 to 240 (this is now on a par with national average of 64 children per 10,000). This has created an increase in both placement and staffing costs. The most recent Improvement Board considered issues in relation to the projected numbers and there is evidence that the number of children entering the care system has now begun to slow. The service re modelling put forward as part of the budget proposals for next year will strengthen edge of care and reunification capacity which should ensure these numbers continue to stabilise then reduce. However, it does have to be acknowledged that this would be against the national trend of growth and significant overspend in this area.

- 10 Work continues across all areas to seek to bring the overall pressures down, and it is hoped that this work will result in a significant reduction in the final outturn position. Through sound financial management the Council should be able to deal with the significant pressures affecting adults and children, whilst continuing to ensure high priority services are delivered. The financial strategy report outlines a range of issues going forward, and members attention is drawn to the specific sections on children's and adults services. Both areas are looking long term in terms of their financial planning, and in case of adult services in particular there are plans in terms of the investment of significant growth for 20/21 and beyond. Whilst there remain challenges in future years, the overall financial and performance position is one that provides a sound platform to continue to be able to deal with the future challenges.
- 11 Effective budget monitoring is vital and all managers will continue to receive monthly reports so that any variations can be quickly identified and corrective action taken. Work will also be done to centralise and strengthen controls in some areas, particularly around the commissioning of services and the authorisation to commit spend across the council.

Financial Analysis

2018/19 outturn		2019/20 Forecast Variation Monitor 2	2019/20 Forecast Variation Monitor 3
£'000		£'000	£'000
+896	Children, Education & Communities	+518	+1,594
-282	Economy & Place	-137	-615
-428	Customer & Corporate Services	-300	-664
+946	Health, Housing & Adult Social Care	+2,372	+3,633
-1,285	Central budgets	-600	-1,143
153	Total	+1,853	+2,805
-648	Contingency	-500	-500
-801	Total including contingency	+1,353	+2,305

Table 1: Finance overview

- 12 The Council's net budget is £123.3m. Following on from previous years, the challenge of delivering savings continues with £4.3m to be achieved in order to reach a balanced budget. This latest forecast indicates the

Council is facing financial pressures of £2.3m. An overview of this forecast on a directorate by directorate basis is outlined in Table 1 above.

- 13 The position will continue to be monitored carefully to ensure that overall expenditure will be contained within the approved budget, minimising the use of contingency where possible. Annex 1 provides more details of the main variations and any mitigating actions that are proposed.

Contingency

- 14 As in previous years a contingency budget of £500k is in place and given the financial pressures outlined in the report this will be required to deal with these pressures.

Loans

- 15 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 4.75% is being charged. All repayments are up to date.

Council Plan

- 16 Following the adoption of the new Council Plan, progress against the commitments made within it will be included in each Finance and Performance monitor. Updates against each of the 78 commitments within the plan can be found in Annex 2. In summary:
- 17 Across the 8 outcomes of the Council Plan, there is progress made in all areas. At this point, whilst early in the Council Plan period, there are no specific areas of concern around delivery within the plan period.
- 18 Highlights include:
 - **Well paid jobs and an inclusive economy** – a process has been agreed for the development of a new inclusive economic strategy, whilst the Guildhall redevelopment is in construction with a completion date mid-2021, providing flexible modern office space for small businesses.
 - **Getting around sustainably** – 21 new electric double-decker buses will begin serving Park and Ride routes, and the sustainable transport elements of the York Central S106 agreement have now been agreed.

- **Good Health and Wellbeing** - Our Local Area Coordinator (LAC) programme and Social Prescribing programmes continue to be at the forefront of national policy development. A Healthy Weight Declaration has been signed by Executive Members and the Director of Public Health.
- **A Better Start for Children and Young People** - CYC and the CCG have supported York Mind with match funding to make a successful bid to the Department of Health and Social Care to expand the roll out of their Arts Award Programme, whilst the project 'Early Talk for York' is aiming to improve outcomes in speech, language and communication at age five in three primary schools.
- **A Greener and Cleaner City** - a new team focusing purely on graffiti removal has been created, whilst work is underway on "Green and Blue Infrastructure" and "Carbon Reduction, Renewable Energy and Sustainable Design and Construction" supplementary planning documents to support the local plan.
- **Creating homes and world-class infrastructure** - Significant progress on major schemes, with outline planning permission finalised for York Central, Guildhall redevelopment under construction and Community stadium commercial developments opening with IMAX Cineworld open to the public in December, representing a substantial new leisure offering for the city. Phase 1 of the public hearings into the examination of the Council's draft Local Plan took place in December.
- **Safe Communities and culture for all** - A new Community Involvement Officer undertaking targeted work with minority groups to better understand their experiences and aspirations has begun to work across the city. The Council is also working with the York Cultural Education Partnership to develop a programme of activity to raise the profile and accessibility of the arts and culture offer with schools. This includes out of school activities and the development of a programme of cultural experiences through better connecting the cultural offer with schools.
- **An open and effective Council** - Budget consultation has been undertaken over the autumn to identify views on Council Tax levels, Social Care Precept, Capital Investment and Council Plan priorities. An Organisational Development Programme is being developed with input across the council.

19 Officers are working to align Service Plans with the Council Plan outcomes to ensure delivery is focussed against these commitments.

20 Work is underway to promote the Council Plan within the council, giving it greater prominence as a guiding document for the council's work, and also with partners across the city. Both communication activities were put on hold due to the General Election.

Performance – Service Delivery

- 21 The Executive for the Council Plan (2019-23) agreed a core set of 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.
- 22 Some indicators are not measured on a quarterly basis. The DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly.
- 23 A summary of the core indicators that have a good or poor direction of travel based on the latest available data is shown below and further details around all of the core indicator set can be seen in Annex 3.
- 24 Updates on the performance in critical areas of Council business are:
- **Recycling** – The latest provisional data in Q2 2019/20 shows that the amount of household waste sent for reuse, recycling or composting has increased from the same period in 2018-19 (47% in Q2 2018-19 to 56% in Q2 2019-20). The amount of waste sent to Allerton Waste Recovery Park (in order to divert from landfill) and used for energy recovery in Q2 2019-20, has reduced slightly from the same period last year. Provisional Residual waste (i.e. non-recyclable) per household data suggests that there has been a large decrease in the last year which supports the increased recycling rate above.
 - **Sickness absence** – At the end of October 2019 the average number of sickness days per FTE (rolling 12 months) was 11.3 which is lower than at the end of October 2018 (11.9 days). Proposals for tackling absence were agreed by Executive on the future use of a dedicated external team to focus on attendance, support employees on their first day of absence and support managers in their proactive management of staff wellbeing during periods of absence. In addition, CYC are working with Public Health colleagues to deliver a Workplace Health and Wellbeing Strategy and the HR team will focus their wellbeing approach during 2020 on stress and mental health in the workplace.
 - **GCSE results** – 73.6% of York's 16 year olds leaving Secondary school in summer 2019 achieved a standard grade (9-4) in both English and Maths. This is an improvement on the previous year (69.6%) and above the National average (65.7%).
- 25 Indicators that have a good direction of travel based on the latest available data are:
- **Average Progress 8 score from KS2 to KS4** – the York figure has increased between 2017-18 and 2018-19 and is high compared to national benchmarks. York's results improved due to improved

performance in two secondary schools and also due to the successful implementation of the KS4 reforms by secondary schools in York.

- **Number of homeless households with dependent children in temporary accommodation** – Snapshot figures show that the number of homeless households with dependent children in temporary accommodation has decreased from 33 in 2016-17 to 24 in 2018-19. This shows the positive impact of the work to find stable and secure accommodation for the city’s residents.
- **Visits – All libraries** – There has been an increase in visits to libraries in 2019-20 compared to the previous year (546,869 visits to all libraries in the first 6 months of 2018-19 increasing to 563,031 in the first 6 months of 2019-20).
- **Customer Service Waiting Times** – 85% of residents who visited West Offices in Q3 2019-20 were seen within the target waiting time of 10 minutes compared to 82% in 2018-19. This increase has a positive impact on the reputation of the service and the commitment of staff to provide a quality service to customers.
- **Net Housing Consents** – Figures up to Q3 2019-20 show that there were 2938 net housing consents which represents a significant increase in permissions compared to residential approvals experienced over the previous two monitoring years. A high number of consents represents a significant commitment to provide good quality accommodation, to meet the requirements of the Local Plan and the needs of residents.

26 Indicators that have a poor direction of travel based on the latest available data are:

- **All Crime per 1000 population** – Overall crime levels in York in 2018-19 have risen to 13,579 crimes compared to 11,958 in 2017-18 and this is due to a small increase in crime reports across a wide range of categories. The overall crime levels for Q1 and Q2 2019-20 (3,521 and 3,515) indicate that although crime levels have stabilised in recent quarters, they remain high.
- **Number of new affordable homes delivered in York** – The number of new affordable homes delivered in York during the full year of 2018-19 was 60, which is fewer than the 74 delivered in 2017-18 and the 91 delivered in 2016-17. There were 29 new affordable homes delivered during the first half of 2019-20, which indicates that the full year total for 2019-20 could be similar to the previous year.

Annexes

27 Annex 1 shows the quarterly financial summaries for each of the Council directorates.

- 28 Annex 2 shows updates against the actions included in the Council Plan for 2019-23.
- 29 Annex 3 shows performance updates covering the core set of strategic indicators which are used to monitor the progress against the Council Plan.
- 30 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

- 31 Not applicable.

Options

- 32 Not applicable.

Council Plan

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

Implications

- 34 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

- 35 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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Wards Affected: All			✓
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Background Papers:

None

Glossary of Abbreviations used in the report:

ARZ	Alcohol Restriction Zone	HIF	Housing Infrastructure Fund
ASB	Anti-social behaviour	HMO	Housing of Multiple Occupancy
CAMHS	Child and Adolescent Mental Health Service	HWBB	Health and Wellbeing Board
CAZ	Clean Air Zone	IAG	Information and Guidance
CCG	Clinical Commissioning Group	ICT	Information and Communication Technologies
CEP	Cultural Education Partnership	LAC	Local Area Co-ordinator

CVS	Centre for Voluntary Service	LGA	Local Government Association
CYC	City of York Council	LTP	Local Transport Plan
DCMS	Department of Digital, Culture, Media and Sport	NCMP	National Child Measurement Programme
DEFRA	Department for Environment, Food and Rural Affairs	NEET	Not in Employment, Education or Training
EHCP	Education and Health Care Plan	NHS	National Health Service
EIR	Environmental Information Regulations	SAP	Standard Assessment Procedure
EPC	Energy Performance Certificates	SEN	Special Educational Needs
ESIF	European Structural and Investment Funds	SLA	Service Level Agreement
FOI	Freedom of Information	STEP	Smart Travel Evolution Programmes
FSM	Free School Meals	TCF	Transforming Cities Fund
FTE	Full time equivalent	WYTF	West Yorkshire Transport Fund
GCSE	General Certificate of Secondary Education	YDH	York District Hospital
GLD	Good level of development	YMT	York Museums Trust
GVA	Gross Value Added	YYC	York Youth Council