

Report of the Chief Operating Officer

Portfolio of the Executive Member for Finance and Performance

2021/22 Finance and Performance Monitor 2

Summary

- 1 To present details of the overall finance and performance position for the period covering 1 April 2021 to 30 September 2021, 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 As outlined in reports to Executive throughout the previous year, the COVID-19 pandemic continues to have a significant impact on the Council's financial position and adversely affect performance against a number of indicators.
- 4 Despite the additional funding provided by Government in both 2020/21 and the current year, an ongoing impact is to be expected due to a range of issues, including the longer term impacts on individual residents leading to an increase in the cost of care. In addition, a potential loss of both Council Tax and Business Rates income is to be expected as some businesses struggle to recover, resulting in an increase in unemployment which in turn may leave some residents unable to pay Council Tax. However, performance in collecting income continues to be positive and schemes are in place to support those who are unable to pay.

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

Recommendations

- 11 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

- 12 The gross financial pressures facing the council are projected at £9.1m but after mitigation and further action it is considered that this can be brought down to a net position of £4.6m.
- 13 As previously reported, there are serious underlying budget pressures across both adult and children's social care. Both adult and children's social care is operating in an extremely challenging environment and as a result additional funding of £4.3m was allocated to the People directorate in the 2021/22 budget.
- 14 This report highlights a number of known pressures that need to be carefully managed throughout the year, with mitigation strategies being in place and regularly monitored across all directorates. Through ongoing monitoring and identification of mitigation alongside a review of reserves, the Council will continue to make every effort to reduce this forecast position but it is possible that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £6.9m of general reserves that would need to be called on if this were the case.
- 15 York is maintaining both sound financial management, and delivering priority services to high standards, during a period of significant challenge for local government. Whilst the Council's track record of delivering savings and the robust financial management provides a sound platform to continue to be able to deal with these future challenges there remains a significant risk to ongoing service delivery and achievement of Council priorities that needs to be managed effectively.

Financial Analysis

- 16 The Council's net budget is £131m. Following on from previous years, the challenge of delivering savings continues with £7.9m to be achieved in order to reach a balanced budget. Early forecasts indicate the Council is facing net financial pressures of £4.6m (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	2021/22 Net M1 Forecast Variation	2021/22 Gross M2 Forecast Variation	Mitigation	2021/22 Net M2 Forecast Variation
	£'000	£'000	£'000	£'000	£'000
People	69,592	8,313	+10,008	-1,500	+8,508
Place	21,772	0	-53		-53
Customers & Communities, Public Health & Corporate Services	22,182	0	0	0	0
Central budgets	18,344	-800	-800	0	-800
Sub Total		7,513	+9,155	-1,500	+7,655
Contingency	-500	-500		-500	-500
Use of COVID grants		-2,000		-2,000	-2,000
Use of earmarked reserves		0		-500	-500
Total including contingency	131,390	5,013	+9,155	-4,500	+4,655

Table 1: Finance overview

Reserves and Contingency

- 17 The February 2021 budget report to Full Council stated that the minimum level for the General Fund reserve should be £6.4m (equating to 5% of the net budget). At the beginning of 2021/22 the reserve stood at £6.9m and, as part of the budget report, approval was given to maintain this level of reserve in 2021/22 thus giving some headroom above the minimum level to take account of the continued risks facing the council, in particular the scale of future reductions on top of those already made.
- 18 Should the mitigation outlined in annex 1 not deliver the required level of savings in the current financial year then this reserve is available to support the year end position. However, in light of the ongoing financial challenges being faced by all councils it is now more important than ever to ensure the Council has sufficient reserves. Therefore, should it be the case that we need to draw down a substantial amount from this general reserve in 2021/22, some growth will need to be included in the 2022/23 budget to ensure that reserves can be maintained at an appropriate level.

- 19 In addition to the general reserve of £6.9m there are a range of other earmarked reserves where funds are held for a specific purpose. These reserves are always subject to an annual review but during this year these funds will again be reviewed on a quarterly basis and where appropriate to do so will be released to support the in year position. It is estimated that £500k can be released this year. 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.
- 20 As in previous years a contingency budget of £500k is in place and this is currently assumed to be available to offset the pressures outlined in this report.

Loans

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

Performance – Service Delivery

- 22 In spite of the many challenges that the organisation and City has faced over the last year, performance across the wider organisation, not just the Council plan indicators, has continued to remain high and continues to compare favourably when benchmarked against other areas with similar characteristics to York. Whilst Covid and the actions taken to tackle the global pandemic have in places affected performance in the short-term, the general pattern for data and information monitored by the Council is that levels of resident and customer satisfaction, timeliness and responsiveness, as well as various directorate and service based indicators, have remained positive.
- 23 The Executive for the Council Plan (2019-23) agreed a core set of strategic indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the eight outcome areas included in the Council Plan. Some indicators are not measured on a quarterly basis and the DoT (Direction of Travel) is calculated on the latest three results whether they are annual or quarterly. It is likely that due to impacts of COVID, a number of the Council Plan indicators will see a significant change both in terms of

their numbers and their direction of travel in future reporting periods. The majority of the performance measures within the Council Plan have a lag between the data being available, and the current reporting period and therefore impacts will not be immediately seen, and may occur over several years as new data becomes available.

24 A summary of the strategic indicators that have a good or 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.

- **P&R Passenger Journeys** - Passenger journeys for park and ride customers totalled 0.71m (provisional) for Q2 2021-22. This is a large increase on the 0.33m journeys made during the same period in 2020-21 showing signs of recovery, but lower than the 1.11m journeys made during the same period in 2019-20.
- **Local bus passenger journeys** - Passenger journeys on local buses totalled 1.68m (provisional) for Q2 2021-22. This is a large increase on the 1.04m journeys made during the same period in 2020-21, showing signs of recovery, but lower than the 2.74m journeys made during the same period in 2019-20.
- **Overall satisfaction of people who use services with their care and support** - The 2020-21 Adult Social Care User Survey (ASCS) showed that 72% of those who responded stated that they were “extremely” or “very” satisfied with the care and support they received. This is a significant improvement from 2019-20, where 68% gave one of these answers. This was the highest percentage reported in England of those LAs that took part in the survey, although due to Covid impacts only 18 LAs did so.
- **Recycling** - The latest provisional data for the amount of household waste sent for reuse, recycling or composting was 50.7% during Q1 2021-22 (the latest available data), which is an increase from 45.6% during the same period in 2020-21. This is above the Q1 average for the last 7 years.
- **Net Additional Homes Provided** - Between April 2020 and March 2021 there were 622 net additional homes completed, which is an increase from 560 the year before.
- **Number of homeless households with dependent children in temporary accommodation** - The number of homeless households with dependent children in temporary accommodation remains at a lower level to that seen in previous years. The latest available data

shows that there were 10 households with dependent children in temporary accommodation at the end of Q4 2020-21 compared to 19 at the end of Q3 2020-21. It should be noted that these figures are snapshot figures.

- **Library Visits** – Libraries fully re-opened during April 2021 and figures for Q2 2021-22 show that there were 167,342 visits, which is an increase on the 106,819 visits during Q1, showing a positive direction of travel, although these figures are still well below the pre-pandemic Q2 figures of around 300,000 visits each quarter.
- **Parliament Street Footfall** - Following the easing of restrictions in the leisure and tourism sector in April 2021, footfall in Parliament Street increased from 1,506,747 in Q1 to 2,064,986 in Q2 2021-22. This is still lower than the figures usually seen during Q2 (around 2.2 million) but the figures are heading in a much more positive direction.

25 Strategic indicators that have a worsening direction of travel, mainly due to direct adverse effect from COVID-19 are;

- **Net Housing Consents** - Between April 2020 and March 2021, there were 1,133 net housing consents, which is a decrease from 3,466 the year before.
- **Number of days to process Benefit claims** - Performance in this area has deteriorated over recent months, with the average number of days taken to process a new Housing Benefit claim, or a change in circumstance, being just over five days during August 2021 (compared to under two days during March 2021). York performance is, however, consistent with the most recent national average of 5.1 days (2019-20). Significant work is being completed by the benefits team on processing covid grants and dealing with changes to peoples circumstances due to the pandemic, meaning staff have been temporarily diverted into these areas affecting performance.

Annexes

- 26 Annex 1 shows the quarterly financial summaries for each of the Council directorates.
- 27 Annex 2 shows performance updates covering the core set of strategic indicators which are used to monitor the progress against the Council Plan.
- 28 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

29 Not applicable.

Options

30 Not applicable.

Council Plan

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

Implications

32 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

33 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

Authors:	Chief Officer Responsible for the report:		
Debbie Mitchell Chief Finance Officer Ext 4161	Ian Floyd Chief Operating Officer		
Ian Cunningham Head of Business Intelligence Ext 5749	Report Approved	√	Date 5/11/21
Wards Affected: All			✓
For further information please contact the authors of the report			

Annexes

Annex 1 – Directorate Financial Summaries

Annex 2 – Performance – Council Plan Outcomes

Glossary of Abbreviations used in the report:

NHS	National Health Service
-----	-------------------------