Annex 1 – Directorate Financial Summaries

Children's Social Care

1 A net overspend of £7.6m is forecast, primarily due to children's social care. The number of Children Looked After (CLA) in York was consistently at a higher level than the budget was built to accommodate. The number at the beginning of the financial year was 281 and as at the end of June it is 282.

2 The placement budgets overspent by a total of £4,604k in 2022/23. This figure is made up of variances of £720k on local Fostering placements, £497k on IFAs, £322k on adoption/SGO/CAO allowances, £2,972k on the General Fund element of Out of City Placements and £93k on Leaving Care placements. The pressure on this budget 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 will continue to worsen the position.

3 However, despite the overall increase in placement numbers and costs, the service has made notable progress in containing and reducing the costs of some care packages. This includes a reduction in the cost of a placement at Wenlock Terrace from £40k per week down to £21k per week, with a further reduction expected down to £19.5k per week. Another Out of City placement has fallen from £7k to £5k per week, and a crisis support package has been implemented to allow one child to remain at home rather than move to a much more expensive external placement. These actions alone are estimated to have avoided further additional costs in excess of £1.2m per year.

4 In addition there is a projected overspend in the Corporate Parenting staffing teams of £297k due to additional Working With York and agency staff and a net overspend on Inter-Agency Adoption Fees of £58k.

5 Safeguarding Interventions is projected to overspend by £261k. This area now has 5 budgeted teams to provide additional capacity to assist in the improvement journey being undertaken. This is to deal with the continued higher number of cases and still requires some WWY and agency staff to cover vacancies. In addition, Legal fees overspent by £395k.

6 Staffing budgets within Children's Social Work Services are predicted to overspend by £151k. This is mainly due to temporary staffing across the service, which the directorate is working to eliminate with permanent appointments.

7 There is a projected overspend of £373k in the Referral, MASH and Assessment teams. This is due to the current temporary staff in this area until permanent appointments are made.

8 A projected overspend in Disabled Children's Services of £347k is mainly overspends on short breaks and direct payments £309k, again due to the CLA numbers being above the budgeted level.

9 Innovation and Children`s Champion is a new area following the restructure and this is predicted to overspend by £50k in 22/23 due to agency staffing.

10 The Home to School Transport budget was already in an historic overspend position due to increase in numbers for post 16/19. This is because of the city now being able to provide more specialist education provision for this group of students more locally, which means that we have had to provide more transport to establishment such as York College, Askham Bryan, Choose 2 and Blueberry Academy.

11 The changes in legislation to allow EHCPs to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly. Inflationary increases will only add to this when the contract in renegotiated in September 2022.

12 The projected position is an overspend of £617k due mainly to the continuing overspend on SEN taxis (£436k), and additional buses required to transport an increase in pupils to Fulford School and Huntington Schools (£181k) for which no budget growth was allocated.

Dedicated Schools Grant

13 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.

14 The main pressure is 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.

15 The brought forward balance on the DSG at 1 April 2021 was a deficit of £9.940m. As a result of the 2021/22 in-year overspend the cumulative deficit to carry forward to 2022/23 would have been £13.443m. However, following discussions with officials from the DfE and ESFA, the Safety Valve Agreement was secured, resulting in an additional payment of £7.6m of DSG on the 31 March 2022. This reduces the cumulative deficit carried forward into 2022/23 to £5.843m.

16 This additional funding represents the first payment under the Safety Valve agreement, which 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.

17 The Office of the Director and Central budgets are predicted to overspend by £71k in total for 2022/23, mainly due Directorate Management Team costs incurred from interim appointments to cover for the vacant DCS post, and advertising costs for the Director and AD posts.

Adult Social Care

18 The projected outturn position for Adult Social Care is an overspend of £1,750k. This assumes that £1.2m of savings and £2.8m of mitigations will be made by the end of the year.

19 The main pressures on the ASC budget include:

- Market prices for beds currently higher than CYC standard rates
- Providers requesting increases above 3% - an open book accounting exercise has been developed for home care agencies asking for increases
- Inability to recruit to vacancies leading to use of more expensive agency staff

20 Most of the above pressures are not reflected in the current projections. Given the level of savings and mitigations still to be made it is unlikely that further mitigations against these pressures will be achieved in year.

21 Referrals into social care are continuing to increase and remain above pre pandemic levels. It should be noted however, that this is not translating into more or higher packages of care in the community. In

addition waiting lists are being reduced without this work converting into more care in the system

22 External Care budgets have been projected forward based on customer numbers and placement costs in the first two months of the year. No allowances have been included for Winter pressures or for the possible impact of a further surge in coronavirus infections.

23 The Community Care budget is projected to overspend by around £347k due to the additional costs arising from Riccall Carers going into administration during the previous year and the service and staff being brought into the Council.

24 The Personal Support Service team budget is expected to overspend by £123k as difficulty in recruiting new care staff has meant an increased use of more expensive agency staff.

25 Yorkcraft is projected to overspend by £89k due to an underachievement of income (£120k) and failure to achieve a previous year's saving (£62k), offset by an underspend on staffing due to vacancies.

26 Small Day Services are projected to underspend by £133k. This is largely due to vacancies as the service has been running at reduced capacity due to Covid restrictions. In addition, the Service Manager post is currently vacant.

27 Be Independent is currently projected to overspend by £246k. There is still a budget gap of £130k which needs to be addressed, together with a historical budget overspend on recharges of £50k. There is also expected to be an underachievement on the sales income budget as no further sales are expected to be made.

28 Permanent residential care is projected to overspend by £317k. The average cost of an OP residential placement is around 1% higher than in the budget (£12 a week) (£154k), and there is currently 1 more customer than in the budget (£47k). In addition to this, there are three more customers in P&SI residential care placements than in the budget (£205k), offset by an increase in the average rate of S117 contributions being received per customer.

29 Based on activity to date there will be an underspend of £347k across the budgets for respite and short break residential and nursing placements for OP and P&SI customers.

30 P&SI Supported Living schemes are currently projected to overspend by £283k in 2022/23 due to having 8 more customers than was assumed in the budget (£340k), offset by increased customer contributions.

31 The P&SI Direct Payment budget is projected to overspend by £380k largely due to the average cost per customer being £2.8k p.a. (£54 a week) more than in the budget (£321k) and in addition based on reclaims to date there is likely to be an underachievement of the reclaims budget.

32 There is projected to be an overspend on staffing in ASC Community Team of £201k due to the use of agency staff, being over establishment on Review Manager posts and failure to meet the vacancy factor.

33 The OP Community Support Budget is projected to underspend by £124k largely due to having 4 fewer customers on exception contracts than in the budget. The P&SI CSB budget is expected to underspend by £229k due to having 4 fewer exception customers (£143k) and also there is currently a lower number of homecare framework hours than was assumed in the budget.

34 The LD residential working age budget is projected to overspend by £215k. This is largely due to the average cost per customer being £3.3k p.a. (£63 a week) more than in the budget.

35 The LD nursing working age budget is projected to overspend by £155k due to the average cost per customer being £29k p.a. more than in the budget.

36 LD direct payments are projected to overspend by £117k. This is due to the average cost per customer being around £4k p.a. (£77 per week) more than in the budget, offset by a projected overachievement of the reclaims budget.

37 There is a projected overspend of £163k on the LD Social Work team due to the use of agency staff to cover vacancies and sickness in the team. This is an improvement over the position at the start of the year (an initial projected overspend of £210k) and work is ongoing to bring this overspend down by the year end.

38 There is expected to be an overspend of £317k on the LD CSB budget due to having 3 more day support customers (£44k) and the average costs for both day support and home care placements are higher than

budgeted for (£208k). In addition to this the average rate received per CHC customer is less than in the budget.

39 LD Supported Living schemes are projected to underspend by £392k due to currently having seven fewer customers than in the budget.

40 The (MH) residential care working age budget is projected to underspend by £100k largely due to having two fewer customers than was assumed in the budget.

41 The MH Nursing care budgets are expected to overspend by £82k due to having one more customer in the over 65 budget than was assumed when the budget was set.

42 There is projected to be an overspend of £73k on the DOLS budget due to having a SM post over establishment for 6 months and to the use of agency staff. There is also expected to be an overspend on the Safeguarding Team budget of around £77k due to the use of agency staff to cover vacancies.

ASC Inflationary Pressures

43 Several providers have recently come forward to request an increase above the budgeted 3% already given and are currently going through the open book accounting exercise. It is difficult at this stage to know how much the amount paid for care will increase as a result of these exercises.

44 If the transport and utilities costs incurred by homecare providers were to double this would increase the hourly rate of homecare paid by 9.5%, which would add approx. £737k to the current projection

45 If the hourly rate paid to care staff by homecare providers were to increase by 5%, this would increase the hourly rate paid for homecare by around 2.6%, which would add approx. £200k to the current projection.

46 Assuming a 5% increase in the hourly rates paid to care assistants and nurses in care homes the estimated impact would be an increase in the projected costs of residential care of around £357k, nursing care of around £191k and supported living of around £258k.

47 Assuming that utility costs in care homes and supported living accommodation were to double the estimated impact would be £528k for residential care, £139k for nursing care and £398k for supported living placements.

48 The above estimates come to £2.8m in total. These are based on the gross cost of care and do not take into account any corresponding increase in income. However, it is clear that the current inflationary pressures being experienced nationally could have a significant impact on the Adult Social Care budget in 2022/23.

Place

49 The forecast directorate outturn position is an overspend totalling £1,247k (including commercial portfolio). This includes £1,915k forecast inflation pressures offset by £668k of forecast directorate underspends.

50 The primary reason for the overspend is the forecast inflationary pressure across energy and fuel costs across the directorate. The forecast includes the current assumptions for price increases. These will be closely monitored as further data becomes available on pricing and usage. It is possible that other inflation pressures will emerge, this will be kept under review.

51 There is a forecast underspend (£678k) across waste disposal mainly due to recyclate sales which are at levels above budget due to high commodity prices. Income levels are forecast at £500k above budget. There is also a windfall receipt (£178k) in connection with the AWRP contract in relation to lower than assumed contract insurance costs.

52 There is a continued forecast shortfall in commercial waste income totalling £210k based on current service levels. Income will be monitored and reviewed as it is still uncertain to what level income will finally recover.

53 Car park income to 30th June has remained strong across the city at c. 20% ahead of budget. This has resulted in additional income of £380k in quarter 1. This has been offset by reduced Respark income particularly from visitor badges and season tickets (£50k). Should the increase continue over the remainder of the year there is potentially a surplus of over £1m however until the trend is shown to continue a more prudent projection of £500k is being forecast. This will be updated regularly throughout the year.

54 Early monitoring indicates a forecast shortfall in planning fees of £300k. This will be monitored closely and the profile of planning income will be reviewed in light of the impact of the Local Plan.

55 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

56 The Housing Revenue Account budget for 2022/23 was set as a net surplus of £1,917k. There were carry forwards of £2,264k agreed as part of the outturn report meaning the revised budget stands at £347k deficit. Overall, the account continues to be financially strong and is forecasting a nil variance against this revised budget.

57 Repairs are currently reporting a nil variance at quarter 1, however the impact of developing inflationary pressures with regard to materials, fuel, national wage negotiations, and increased usage of sub-contractors resulting from recruitment and retention challenges within the in-house trades teams, are being closely monitored.

58 There is a forecast shortfall in dwelling rental income of £370k 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. The adjustment to the provision at year end is forecast to be lower than budget by c£80k.

59 The HRA working balance position as at 31st March 2022 was £29.57m. The HRA projected outturn position means the working balance will reduce to £29.2m at 31st March 2023. This compares to the balance forecast within the latest business plan of £29.15m.

60 The working balance has been increasing in order to start repaying the £121.5m debt that the HRA incurred as part of self-financing in 2012. The current business plan assumes that reserves are set aside to enable to the debt to be repaid over the period 2023/24 to 2042/43.

Corporate Services, including Customers & Communities and Public Health

61 Overall the remaining Council services are forecasting an overspend of £1,193k.

62 Internal Business Support is forecast to overspend by £240k due to reduced income from schools for payroll services and not achieving the

budgeted vacancy factor (which overall stands at £163k). Other variations include the non-achievement of approved budget savings in ICT (£200k), additional staffing costs not yet fully offset by income in Registrars (£126k), forecast impact of inflation on contracts for leisure facilities and libraries (£251k) and the continued pressure on Housing Benefit overpayments (£150k) as outlined in the 2021/22 outturn report. These overspends were offset by underspends in policy & partnerships (£67k) and finance & procurement (£62k) due to staff vacancies. In respect of the shortfalls in income, it is acknowledged that this is an early stage in the monitoring and it is anticipated that income generation may improve as they year progresses.

Corporate Budgets

63 These budgets include Treasury Management and other corporately held funds. A net underspend is forecast due to the early and increased delivery of a corporate saving. In addition, due to slippage on the capital programme, there has been a saving on interest and the cost of borrowing.