

Annex 1 – Directorate Financial Summaries

Children, Education & Communities

- 1 The outturn shows an overspend of £1,560k, a small improvement from the Monitor 3 report.
- 2 Following the audit and review work initiated by the new leadership team Children's Specialist Services are on a fast paced improvement journey that has resulted in an improvement in the number of cases reviewed. External review has confirmed that decision making on these cases is now appropriate.
- 3 This re-calibration of services has been accompanied by significant financial cost increases. 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 for the second half of the financial year. 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, and may be significantly impacted by the consequences of the Covid-19 situation.
- 4 Within support for Looked After Children (LAC) there is a net overspend on placement and associated costs of £1,326k. This includes £424k on fostering, £217k on adoption/SGO/CAO allowances and £562k on Out of City Placements. Work is currently underway to track and challenge our most expensive placements. This has been delayed due to the challenge of moving children during the COVID-19 pandemic, but is now back on track.
- 5 There was a net overspend of £514k within The Glen and Disabled Children's Services budgets, due mainly to delays in implementing the new model of provision for children with the most complex needs that was planned to deliver budget savings. There is now a Board in place driving forward this development and this was on track to deliver these savings, with a restructure planned to be operational

from the end of March 2020. However, this has been paused due to the current situation.

- 6 Children's Social Care (CSC) staffing budgets overspent of £576k, mainly due to more expensive agency staff being used to cover important but hard to fill social worker posts and to provide additional capacity to manage the pace of improvement required. Whilst we are now having successful recruitment campaigns, in order to support new staff to effectively transition into post and maintain the required significant pace of change this additional resource may continue to be required. The service is working towards a target of having no additional agency staff in place from September 2020.
- 7 Adult and Community Learning overspent by £127k, mainly due to a shortfall in course income against budget of £142k, together with an overspend on provision for High Needs students, offset by additional staffing costs charged to grant funded projects.
- 8 Home to School Transport budgets have overspent by £377k. The savings targets for the SEN element of home to school transport have not been achieved because of a growth in the number of pupils/students requiring transport and the specialist requirements of that transport. The changes in legislation to allow EHCPs to ages 19-25, resulting in more students accessing this option, has significantly increased our transport spend accordingly. This is a national budget pressure, and the arrangements that may be required as pupils return to school in September will result in significant additional expenditure. A further paper is being prepared that will outline potential options to deliver significant savings in this area.
- 9 There was a net underspend on staffing of £219k mainly due to vacancies within School Improvement, Skills and the School Services teams.
- 10 The DSG funded SEND budget has overspent by a net £1,749k, almost entirely due to the increased number of specialist out of city residential placements being required. This is in line with national pressure on budgets in this area. The DSG School Improvement budgets underspent by £421k.
- 11 Within school funding, net in year expenditure within the High Needs Block has been £4.064m higher than budgeted for and £5.327m

higher than the funding allocated by government. The major variations compared to budget are as follows:

- Out of City Placements +£1.759m
- Danesgate Alternative Provision +£1.003m
- Post 16 Provision +£0.766m
- Top Up Support to Mainstream Schools +£0.323m
- Special Schools & ERCS +£0.111m

- 12 Further work, as part of the inclusion review that is currently underway, is essential to ensure that high needs expenditure is maintained within the funding available and we will be undertaking a detailed review of the DSG to develop options for an improvement in this position.
- 13 A number of other minor variations make up the overall directorate position.

Economy & Place

- 14 The outturn position for Economy & Place is an underspend of £351k, which is lower than forecast, primarily due to additional costs and reductions in car parking income as a result of the flooding in the final quarter of the year.
- 15 Within transport the areas of underspend were £300k from the drawdown of departmental reserves, £265k from the WYTF levy and £100k from utilising grant funding. These were all planned actions identified at monitor 3 to mitigate the directorate position. In addition there was an underspend across public transport budgets from concessionary fare payments and utilising external contributions to support bus service expenditure.
- 16 A review of maintenance and safety arrangements, alongside the management and administration of fleet, has resulted in additional expenditure being incurred to ensure the continuing operation of a compliant service in line with the standards as directed by operating licence requirements, health and safety and duty of care to transport users. This has resulted in an overspend of £335k, a reduction from the Monitor 3 forecast of £558k, primarily on additional staff brought in to deliver the service more effectively. These costs are reducing

and the service are working to deliver the service within budget in 2020/21.

- 17 Income from council car parks was only slightly above budget, resulting in a surplus of £88k. The flooding events in February saw a 15% reduction in income and March saw a 45% reduction as a result of the impact of the COVID-19 pandemic and lockdown.
- 18 There was an overspend of £211k on highways as a result of additional costs incurred from the response to the February flooding.
- 19 The Trading Standards team successfully prosecuted illegal trading activities and received a share of the proceeds. There were further staff savings from vacancy management and additional income resulting in an underspend of £497k.
- 20 Additional income from the purchase of new properties along with some staffing vacancies resulted in an underspend of £187k within Regeneration & Asset Management.
- 21 Anticipated applications from major developments have slipped into 2020/21 resulting in £206k income shortfall in development management.
- 22 There was an overspend of £481k in waste collection. The main variations were additional staffing costs (£241k) and IT expenditure (£120k). The additional staffing expenditure and investment in a council wide absence monitoring system has reduced the impact that sickness levels have had on the waste and recycling collections and it has also enabled necessary mandatory staff training to be completed without impacting the service. The IT costs have enabled improved cab technology which will enable the efficiency of service delivery to be improved. As in previous years there was a shortfall in budgeted income in commercial waste (£119k). The budget for waste disposal including Allerton Park was £316k underspent as lower tonnages allowed the council to earn additional income from backfilled waste provided by Yorwaste.
- 23 A number of other minor variations make up the overall directorate position.

Customer & Corporate Services

- 24 The outturn position is an underspend of £673k, a small improvement from the Monitor 3 report.
- 25 The main variations include underspends in finance & procurement due to staff vacancies and additional income from schools (£114k) and ICT due to staff vacancies and a range of contract efficiencies (£170k). Additional grants received, along with a number of staff vacancies following a restructure, have resulted in an underspend of £260k on transactional services. A number of other minor variations make up the overall directorate position.

Health, Housing & Adult Social Care

- 26 The outturn position shows a net overspend of £3,612k, a small improvement from the Monitor 3 report.
- 27 As previously reported, ASC is operating in an extremely challenging environment and as a result additional funding of £4.5m has been allocated to the service in the 2020/21 budget. NHS partners in the city are operating with significant deficits. 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.
- 28 The strategy to bring a sustainable balanced budget is to focus on key areas we believe will make the most impact. The additional funding of £550k received in 2020/21 will support work on the key areas of budget pressure and we will use part of this funding to bring in external expertise. This will help us embed at scale what we are currently doing to improve the budget position.
- 29 Key performance outcomes include

- Reducing the number and spend on permanent residential placements through the use short term intensive support and alternative provision.
 - Reducing the spend on home care services through better, more frequent reviewing of care, the use of technology to support people as a default option and strengths based approaches that harness personal strengths and sustain families in their caring roles.
 - Reducing the cost of residential and home care coming to adult services through children's service through earlier intervention by adult services to prepare young people with care needs for adulthood.
 - Improving uptake of NHS continuing health care services where people are eligible for these.
 - Stabilise the rising unit cost of residential and nursing care by agreeing rates with the sector based on the actual cost of care.
- 30 We are creating a sustainable Adult Social Care leadership structure that
- Drives the principles of strengths based practice, radical help and the use of technology, through the more powerful use of roles such as Principal Social Worker and Principal Occupational Therapist
 - Supports the move from dependence on long term services to rapid intensive support in crisis and the scaling down of this through review
 - Makes better use of business intelligence and data to move from information to action; turning strategy more quickly into delivery at the frontline
 - Reduces cost through better market shaping and the introduction of innovation into the social care market
 - Creates clearer operational accountability for budget and performance.
- 31 Older People permanent residential care overspent by £447k due to a higher number of customers than forecast. The budget was set anticipating an average of 225 customers against an average of 240 customers in 2019/20, with 233 in placement at the year end. Our survey of older people has confirmed that only a small minority aspire to entering permanent residential or nursing care at the end of their lives, however this remains the model of care for many people at present. The slower pace of change towards independent living has put significant pressure on the residential care market and

together with rising fees, this has adversely affected the council's budget.

- 32 The Older People's nursing care budget has overspent by £567k. Although only four more customers have been placed on average than expected when the budget was set, the current net cost is £657 per week against a budgeted weekly cost of £503 per week, as a result of the rise in fees set by providers, rather than reductions in income streams.
- 33 As part of our shift towards supporting as many older and disabled people as possible in their own homes, we have increased the number of home care support hours per week by about 420. The cost of this is approximately £8.3k more per week than was planned for in the budget, giving a total overspend of £524k in 2019/20. This is in keeping with our ambition to support people with more complex needs in their own homes rather than in residential settings. Community led social work and asset based community development are critical to achieving our transformation goals.
- 34 PSI Supported Living schemes are forecast to overspend by £473k due to more customers in schemes than was budgeted. The net cost per customer is £11k per annum greater than budgeted. The schemes are being reviewed alongside the learning disability schemes.
- 35 Learning disability residential budgets have overspent by £1,463k. The numbers placed have risen slightly above budget and the cost of placing each individual has risen by approx. £18k per annum. The average cost of emergency residential placements is £55k higher than in the budget due to a number of high cost customers.
- 36 Supported Living for Learning Disabilities customers continues to be a pressure, overspending by £651k in 2019/20. The net cost per customer is £5k more than in the budget and the average CHC being received per customer is around £19k less than in the budget. We have an ongoing programme of work to address support costs which is having a positive impact on the budget. This is achieved through case by case redesign of support arrangements, working with providers and individuals themselves, and is therefore delivering efficiencies over the longer term. The total savings delivered in 2019/20 as a result of this work was £244k; through closer

management of voids, reduced support packages, increased use of technology and appropriate overnight support.

- 37 Direct Payments for Learning Disabilities customers has overspent by £194k, partly due to the backdated care costs of customers who have become the Council's responsibility (£204k). In addition the average cost per customer for the remaining DP customers has increased by £3k over the budget (£272k). This is offset by an increase in the number of CHC customers direct payment reclaims against the budget, partly as part of the refresh of the DP procedures.
- 38 Learning Disability CSB budgets have overspent by £158k. This is largely due to a reduction in the number of customers eligible for CHC (£119k) and in addition the rate of CHC per customer being received for those customer who are eligible is less than in the budget.
- 39 The Mental Health budgets have also overspent by £780k, predominantly due to more customers requiring residential care. There is a national upward trend in people with mental health needs requiring support from social care. York is not exempt from this. Our focus on prevention and independent living is expected to contain some of the costs of care for the future.
- 40 There has been an overspend of £155k in the Personal Support Service (PSS). Work is being done to improve rota management and a technology pilot called Grandcare, will enable us to review support going into customers' homes with the intention of being able to reduce ongoing care packages.
- 41 There is a £190k underspend across contracted and commissioned services largely due to one contract coming to an end and a delay in starting two further contracts.
- 42 A number of other more minor variations make up the overall directorate position.

Housing Revenue Account

- 43 The Housing Revenue Account budget for 2019/20 is a net cost of £489k. Overall, the account continues to be financially strong and

the outturn shows an underspend of £2,392k, mainly due to capital funding.

- 44 There was an overall overspend on repairs and maintenance of £219k, predominantly due to additional repairs needed during the prolonged period of heavy rain during quarter 3. There were underspends of £152k across project work relating to the delay in painting 200 houses, again due to the wet weather.
- 45 There was an underspend across General Management of £384k primarily due to lower than forecast management recharges (£217k) and underspends arising from vacancies and charges to capital projects (£141k) in both the Housing Operations and Building Services Teams.
- 46 Slippage of capital expenditure has resulted in the expected contribution to the capital programme being reduced by £2m and these funds will be carried forward to 2020/21 to fund the slippage.
- 47 Rental income was £254k lower than budgeted. This is due to a higher number of voids at Ordnance Lane pending the opening of James House. In addition, tenants have moved out of Lincoln Court during capital refurbishment.
- 48 The interest receivable on the HRA credit balances is £399k higher than budgeted due to the continued holding of balances pending the large scale investment in new council house building.
- 49 The working balance position at 31 March 2019 was £24.5m. In the July 2019 budget amendments £2m of the working balance was allocated to fund the capital programmes energy efficiency improvement and decent homes programme to improve the conditions of the HRA stock. The outturn position means the working balance will increase to £26.4m at 31 March 2020. This compares to the balance forecast within the latest business plan of £24.0m.
- 50 There are a number of ongoing implications of the outturn position into 2020/21. It is necessary to reprofile the revenue contributions funding the capital programme slippage of £1,853k into 2020/21 which includes £300k for the Housing ICT project. This leaves a balance of £539k which will transfer into working balances.

- 51 It is proposed that this £539k year end underspend is set aside to fund ongoing pressures of dealing with the pandemic and support the recovery plan across the HRA.

Corporate Budgets

- 52 These budgets include treasury management and other corporately held funds. Significant slippage in the capital programme has been reported in the Capital Outturn report also on this agenda with some £38m that was expected to be spent during the year now proposed to be spent in 2020/21. This delay in spending has an impact on the treasury budgets through lower interest payments/debt repayment. In addition, the Council has been successful in claiming £543k overpaid VAT back from HMRC in relation to historic payments made in respect of leisure services.
- 53 A number of other minor variations make up the overall outturn position.