

## **Annex 1 – Directorate Financial Summaries**

### **People**

- 1 Within the People directorate the outturn position is an overspend of £7.5m, an improvement of £1.2m from the position reported at Monitor 3. The reasons for this variation are explained in the following paragraphs.

### **Adult Social Care**

- 2 The final outturn position for Adult Social Care is an overspend of £1,282k. The improvement in the financial position is due in no small part to a lot of hard work in finding ways of mitigating the forecast overspend at monitor three. However, it should be noted that the largest contributor to the final year-end position was the use of one-off funding and funding recovered from the Hospital Discharge Programme.
- 3 The Council recovered £2m from NHS England via Vale of York Clinical Commissioning for costs incurred on customers being discharged from Hospital. The funding has now ceased but best practice continues to ensure customers are discharged to the most appropriate setting. However, the cost of this will carry a significant pressure into 2022/23 and we are working with Health to source funding for some of this activity and prioritise what has the greatest impact to the health and care system.
- 4 Adult Social Care still needs to address other budget pressures in 2022/23 based on customer numbers and prices as at February 2022. Even after the allocation of budget growth, there remains an estimated £4m budget pressure on external care. This is alongside the delivery of a savings programme of over £1.7m in what are still very testing times for the workforce and sector.
- 5 The cost of transitions customers coming through from Children's Services was £254k less than assumed in the budget and the Older People's Accommodation Project management budget underspent by £416k. The latter was largely due to the budget set aside to fund customers from Haxby Hall moving to more expensive placements not being fully spent due to using a greater number of beds at our standard rate than was expected.

- 6 Several schemes in the Better Care Fund underspent due to difficulties in recruiting staff. This slippage in 2021/22 has been used to fund overspends elsewhere in the Department (£456k).
- 7 Personal Support Services have overspent by £199k largely due to the additional costs arising from Riccall Carers going into administration during the year and the service and staff being brought into the Council (£283k). This is offset by an overachievement of rental income compared to budget.
- 8 Yorkcraft has overspent by £96k in 2021/22. This is due to an underachievement of income (£86k) and the failure to achieve a previous year's budget saving (£62k), offset by an underspend on staffing due to vacancies.
- 9 Small Day Services have underspent by £349k. This is largely due to vacancies at Pine Trees, Pastimes, Greenworks, Community Base and the Community Support Assistants which had been held for part of the year due to the service being run at reduced capacity because of Covid restrictions. In addition, the Service Manager post has been vacant for most of the year.
- 10 The Mental Health Housing & Support Project budget has underspent due to the agreement with Tees Esk Wear Valley Mental Health Trust (TEWV) that £250k of their contribution towards this programme can be redirected to support pressures felt in the Mental Health budget due to TEWV struggling to recruit staff and the Council picking up the consequences of this.
- 11 Permanent nursing care has overspent by £609k in 2021/22. The gross expenditure budget overspent by £1,324k due to the increase in the average weekly gross cost. This has been offset by the allocation of £500k Contain Outbreak Management Funding (COMF) to this budget as well as an increase in the average rate of Continuing Health Care income received per customer.
- 12 Permanent residential care has overspent by £526k. This is due to the increased cost of placements (£218k) along with an increase in the number of customers (£300k) and a reduction in customer income (£104k). This is offset by a small increase of £94k in continuing health care income.
- 13 The budget for placements in residential and nursing short stay beds has overspent by £335k. Customers have been discharged from hospital into short-term beds more quickly than was previously the case and they have also been staying in those beds for longer. The lack of

capacity in the home care market has made it harder to source the necessary care to meet the needs of these customers.

- 14 Physical & Sensory Impairment Supported Living schemes have overspent by £635k in 2021/22. This is in line with previous years and is largely due to the weekly average gross cost of a placement having increased by 13% leading to a £440k overspend. There has also been a net increase of three customers since the budget was set (£134k over recovery of income) and the average amount of income received from CHC customers has been less than assumed in the budget.
- 15 Older People Direct Payments have overspent by £125k largely due to an increase in the average direct payment per customer of £51 per week over the year (17 % greater than budget), which has been partially offset by higher than expected reclaims made in year. The P&SI Direct Payment budget has overspent by £66k, which is due to an increase in the average direct payment per customer of £38 per week (10% higher than in the budget) again offset by higher than budgeted reclaims.
- 16 Learning disability residential budgets have overspent by £300k. This is due to having a net increase of 4 customers in working age placements since the budget was set (£208k) and the average gross cost per customer in a working age placement has risen by £55 per week (an increase of 3% over the budgeted rate).
- 17 Learning Disability direct payments have overspent by £159k. This is due to having an average of 8 more customers during the year than was assumed in the budget (£198k), the average gross weekly direct payment per customer increased by £86 over the year (23% more than in the budget) (£754k), and the average amount of CHC income per customer was less than assumed in the budget (£52k). This is offset by a higher than budgeted level of reclaims made in year (£851k).
- 18 The Learning Disability Social Work team has overspent by £186k. This is largely due to the use of WWY and external agency staff to cover vacancies and being over establishment for part of the year.
- 19 The Mental Health budgets overspent by £515k. The main overspend is due to working age residential placements (£264k). £295k is due to the average gross cost per placement having increased by £89 a week (8.5% more than in the budget) and in addition, there are two more customers in placement (£134k). This is offset by an increase in the number of customers receiving CHC income.

- 20 The Mental Health social work team has overspent by £159k this year due to the use of agency and WWY staff to cover vacancies and to having two agency posts above establishment for part of the year.

### **Children's Social Care**

- 21 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 283 and we ended the year with 281 (with a total of 357 individual children being in care at some point during the year).
- 22 The placement budgets overspent by a total of £3,949k in 2021/22. This figure is made up of variances of £479k on local Fostering placements, £446k on IFAs, £262k on adoption/SGO/CAO allowances, £2,725k on the General Fund element of Out of City Placements and £37k 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.
- 23 In addition there was a staffing overspend in the Permanency Staffing Teams of £447k due to additional Working with York staff, and a net overspend on Inter-Agency Adoption Fees of £46k.
- 24 Safeguarding Interventions overspent by £727k, due to additional capacity to assist in the improvement journey being undertaken, mainly in the Court and Child Protection Teams who are dealing with the continued higher number of cases than the budget has capacity to deal with. In addition, Legal fees overspent by £429k.
- 25 Staffing budgets with Children's Social Work Services overspent by £188k. This is mainly due to temporary staffing across the service, which the directorate has worked hard to eliminate with permanent appointments.
- 26 There was a net overspend of £441k in the Referral, MASH and Assessment teams. The major variance was an overspend of £469k in The MASH and Assessment Teams due to posts over establishment and significant temporary staff expenditure, offset by savings in the Response / Edge of Care service.
- 27 A net overspend in Disabled Children's Services of £735k was mainly due to additional staffing (£137k) in the core service, staffing

overspends on the Beehive and Glen (£200k) and overspends on short breaks and direct payments (£398k).

- 28 The Local Area Teams budgets underspent by £231k, mainly due to vacancies in the core team (being held vacant pending the restructure which transfers this resource into core Childrens Safeguarding posts) and additional Troubled Families grant.
- 29 The Home to School Transport budget was already in an historic overspend position of approximately £200k. 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 main increase in numbers have been at post 16/19 where because of the city now being able to provide more specialist education provision for this group of students more locally, subsequently we have had to provide more transport to establishment such as York College, Askham Bryan, Choose 2 and Blueberry Academy. 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.
- 30 The final position was an overspend of £290k, due mainly to the continuing overspend on SEN taxis (219k), and additional buses required to transport an increase in pupils to Fulford School and Huntington Schools (£71k).

### **Dedicated Schools Grant**

- 31 The Dedicated Schools Grant (DSG) overspent by £3.503m in 2021/22. 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.
- 32 The brought forward balance on the DSG at 1st 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, a Safety Valve Agreement was secured, resulting in an additional payment of £7.6m of DSG on the 31st March 2022. This reduces the cumulative deficit to carry forward into 2022/23 to £5.843m.
- 33 This additional funding represents the first payment under this 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.

## **Place**

- 34 The Directorate outturn position is an underspend totalling £1,842k (including commercial portfolio). This includes £599k of Covid-19 grant support primarily relating to income shortfalls in quarter 1 partly compensated by the Government Sales Fees and Charges Compensation Scheme.
- 35 The primary reasons for the underspend have arisen due to the Directorate receiving additional income from car parking, waste disposal and asset management.
- 36 There is an underspend across waste disposal mainly due to recycle sales which have been at levels above budget due to high commodity prices and outturned £688k higher than budget (114%). There was also income above budgeted levels from household waste sites (£89k), power generation royalties (£73k) and bulky waste collections (£36k).
- 37 There is a shortfall in commercial waste income totalling £244k (17%) as the service returns to previous operating levels. Moving into 2022/23 income levels will be monitored and reviewed as it is uncertain to what level income will finally recover.
- 38 Within Highways there are overspends relating to the delivery of the winter service (£115k) and flooding (£118k). These budgets are difficult to forecast as they are dependent on the severity of the winter weather. In addition there was an overspend on civils works which was offset by an underspend on street lighting electricity. This will be kept under review in 2022/23 as the impact of increased energy costs becomes clearer.
- 39 There is an underspend in Transport of £533k. There are a number of variations but the main saving is against the Concessionary Fares payments (£589k) as passenger numbers remain lower than budget assumptions. There are increased costs across highway regulation primarily relating to the implementation of the permitting system (£206k). This has been offset by an overachievement of income for

temporary traffic regulation orders (£181k) as works around the city resume.

- 40 Parking income at both on street and off street car parks remained strong across the financial year particularly once Covid restrictions were eased in the May/June. Total income from Q2 to Q4 was £917k (20%) above budget offset by reduced season ticket income £205k (46%) and reduced Respark income £112k (20%). There was also compensation from the use of Marygate Car Park from Environment Agency (£180k) and rents at Askham Bar (£23k). There were additional direct costs related to processing payments of £95k.
- 41 There is a shortfall in planning fees of £325k primarily in relation to pre application advice fees. The profile of planning income will be reviewed in light of the impact of the Local Plan.
- 42 There is additional expenditure (£193k) above budget in relation to the Local Plan. The Local Plan examination will take place in 3 phases during 2022/23. The costs for these phases and the subsequent adoption process are currently being reviewed and will be reported in future monitoring reports.
- 43 Within Housing, Economy & Regeneration the main variance relates to the reimbursement of Business Rates paid for Alliance House (£538k) as part of its sale back to Network Rail.

### **Housing Revenue Account**

- 44 The HRA position at year end is an underspend of £2,336k, of which £2,138k relates to capital financing that has slipped into 2022/23. The adjusted year end position is therefore a deficit of £1,401k which is an underspend of £198k compared to budget.
- 45 There was an overspend on general repairs and maintenance totalling £343k as a result of a combination of additional job volumes and increased material costs. However there was an underspend of £425k on the electrical testing programme due to a later than forecast start of the newly procured electrical testing programme contract. This has resulted in an overall underspend of £82k across the revenue budget. To assist with the continuing efforts to deal with the increasing cost of repairs it is recommended that this underspend is carried forward to support the repairs budget in 2022/23.
- 46 There was an underspend of £350k within General Management primarily due to the service having a number of vacancies across the year (-£166k) as well as court admin costs (-£74k).

- 47 The HRA financial assistance scheme was created in 2020/21 to provide financial support and assistance to HRA tenants with their rent arrears, a new partner advice services has been created to provide a more streamlined service across all aspects of debt advice. There was an underspend of £44k in 2021/22 on this scheme and it is recommended that this be carried forward in to 2022/23 for the rent arrears element of this service to continue.
- 48 There was a shortfall in dwelling rents of £192k due to the number of void properties and the time taken to complete the required works to bring these empty homes to a lettable standard. A pilot commenced in October 2021 to improve the turnaround of void properties, which is continuing in to the new financial year.
- 49 The revenue contribution to capital has underspent by £2.1m due to the slippage of capital expenditure. These funds will be carried forward to 2022/23 to fund the slippage
- 50 The working balance position at 31 March 2021 was £28.83m. The projected outturn position outlined in paragraph 46 means the working balance increased to £29.57m at 31 March 2022. This compares to the balance forecast within the latest business plan of £27.2m.
- 51 There are a number of ongoing implications of the outturn position into 2022/23. It is necessary to reprofile the revenue contributions funding the capital programme slippage of £2,138k into 2022/23. This leaves a balance of £199k from which £82k has been requested to fund the increasing repair costs and £44k from the financial assistance scheme has been requested to carry forward in to 2022/23, leaving a balance of £72k to contribute to the ongoing HRA working balance. The Directorate position is an underspend of £1.8m, an improvement of £1.5m from the position reported at Monitor 3.

### **Corporate Services, including Customers & Communities and Public Health**

- 52 Overall the remaining Council services have overspend by £328k. This is mainly due to under recovery of Housing Benefit overpayments (£339k).
- 53 Since the introduction of Universal Credit (UC) in 2013, there has been a steady reduction in Housing Benefit caseload as customers are moved onto UC (handled by the DWP). HB subsidy has reduced from £45m in 2013/14 to £25m in 2021/22. This in turn has resulted in a reduction in new overpayments being raised, the financial impact of

which in 2021/22 is £360k. Whilst there is an increase in overpayments being recovered from UC by the DWP and invoiced debts to customers who have come off benefits entirely, this trend in terms of reducing HB overpayment income into the general fund will continue until all customers have migrated to UC and historic debts have been recovered.

- 54 Internal Business Support overspent by £343k due to reduced income from schools for payroll services and not achieving the budgeted vacancy factor. Other variations include the non-achievement of approved budget savings in ICT (£189k). These overspends were offset by underspends in policy & partnerships (£188k) and finance & procurement (£64k) due to staff vacancies in both these areas. In addition, there were savings on West Office costs of £212k.

### **Corporate Budgets**

- 55 These budgets include Treasury Management and other corporately held funds. The net underspend of £3.3m is due to the early delivery of a corporate saving planned for 2022/23. The budget report considered by Executive in February 2022 agreed a saving of £2m from a review of the Minimum Revenue Provision policy. This review was completed and the revised policy agreed at Full Council in February and therefore it has been possible to realise the saving in 2021/22. In addition, due to slippage on the capital programme, there has been a saving on interest and the cost of borrowing.