

**Corporate Services, Climate Change and
Scrutiny Management Scrutiny Committee**

7 October 2024

Report of the Chief Operating Officer and Chief Finance Officer

2023/24 Finance and Performance Monitor 4

Summary

1. This report sets out the projected 2023/24 financial position and the performance position for the period covering 1 April 2023 to 31 March 2024. This is the final report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. Reports to Executive throughout the year have outlined the Council's serious financial position as we continue to see significant, recurring pressures across both children's and adults social care budgets.
3. Whilst there have been some improvements in the outturn, due to the significant work undertaken by officers across the Council to reduce spending and carefully control all costs, the underlying position is still a significant overspend that is of serious concern. It remains the case that the Council cannot afford to keep spending at this level. The general reserve is £6.9m and, whilst we have other earmarked reserves that we could call on if required, continued spending at this level would quickly see the Council exhaust its reserves.
4. The recurring overspends across both adult and children's social care are significant and, despite investment made in the 2024/25 budget process, we expect to see a continued pressure into the new financial year.

Background

Financial Summary and Mitigation Strategy

5. The draft outturn position is an overspend of £3.7m, compared to a forecast at Monitor 3 of £5.6m. This improvement arises from the significant amount of work undertaken by officers across the Council to identify savings and mitigations across all service areas. In Childrens, for example, this has resulted in a recurring improvement of some £2m in the outturn position.
6. Alongside this, the strict cost control measures implemented at the start of the financial year have also had a significant impact in reducing the overspend. Whilst it is positive that the significant amount of work undertaken by staff across all Council services has reduced the overspend position, it is important to note that there remains a significant overspend across social care that will need to again be carefully monitored with in year savings identified.
7. The underlying position is an overspend of £8.6m, offset by underspends in Corporate and Place. Most of the areas of underspend (parking income and savings due to delaying borrowing) have already been assumed as 2024/25 budget savings, and therefore will not recur at the same levels.
8. Members will be aware that the financial position of local government is a national challenge and that the pressures being seen across both Adult and Children's Social Care are not something that is unique to York. Many Councils are experiencing significant financial pressures and struggling to balance their budgets now, so it is vital that we continue to take the necessary action to reduce our expenditure down to a sustainable level.

Financial Analysis

9. The Council's net budget is £141m. Following on from previous years, the challenge of delivering savings continues with c£6m to be achieved to reach a balanced budget. An overview of the latest forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Service area	Net budget	2023/24 Net Q3 Forecast Variation	2023/24 Outturn

	£'000	£'000	£'000
Children & Education	32,701	3,690	2,609
Adult Social Care & Integration	50,093	4,712	6,051
Place	33,206	-1,040	-2,310
Customers & Communities, Public Health & Corporate Services	8,935	830	-89
Central budgets	17,189	-2,600	-2,600
Sub Total		5,592	3,661
Contingency	-500	-500	-500
Use of earmarked reserves		-4,250	-3,161
Target for further mitigation		842	
Net total including contingency	141,624	nil	nil

Table 1: Finance overview

Directorate Analysis

Corporate, Customers & Communities

10. The outturn position for the remaining areas of the Council is a net underspend of £89k and the table below summarises the latest forecasts by service area.


	2023/24 Budget £'000	Outturn Variance £'000	Outturn Variance %
Chief Finance Officer	3,185	-54	-1.7
HR and Corporate Management	-18,446	-336	-1.8
Customers & Communities	18,300	446	2.4
Governance	5,328	-145	-2.7
Public Health	568	0	0
Total Corporate, Customers & Communities	8,935	-89	0.9
Other central budgets and treasury management	17,189	-2,600	-15.1

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11. Within Customers and Communities, the most significant pressure (£646k) arises from the continued pressure across Housing Benefit Overpayments as the move to Universal Credit reduces opportunities to achieve income from recovering overpayments and the variance between the cost of B&B accommodation for the homeless and the benefits claimed for the accommodation. Neither if these pressures are in the direct control of the service to manage. This has been partly mitigated during the year by maximising grant income and increased income generation in other areas with Customers and Communities. Following due diligence work surrounding the Resettlement project it is likely that this figure will reduce in future years as Hostel accommodation should be fully reclaimable.
 12. The underspend in HR and Corporate Management is predominately due to CYT's 2022/23 dividend (£300k) being higher than budgeted.
 13. The Governance underspend and movement is mainly due to holding vacancies in several teams and recharges to the Combined Authority for staff time, compensating overspends in other areas such as Coroners and Elections.
 14. The continued pressure from the loss of external payroll contracts within the Payroll Team (£200k) has been mitigated by underspends in the Business Support Team and ICT staffing vacancies and additional income.
 15. Within Communities there was a saving from commissioning grants (£100k) and also from maximising charges to grants and external funding. There was an underspend in relation to Ward Committees of £16k and it is proposed to refocus this funding to YFAS for 2024/25.
 16. The pressure from inflation on the energy and maintenance contract with Bereavement Services, was compensated by increased levels income from the Crematorium at the end of the year, improving the position by £72k from monitor 3.
 17. The reported overspend in the Chief Finance Officer Area at monitor 3 due to an increased External Audit fee of £175k, has been offset by increased insurance interest (£90k) and reimbursement for the Chief Finance Officer time in the role of establishing the Combined Authority.

18. Across all service areas Managers held vacancies wherever possible and explored other ways of working to reduce spend and liaising with finance on maximising income generation and grant utilisation.
19. The savings within treasury management and other corporate budgets are due to the policy of delaying borrowing by using cash balances, along with slippage on the capital programme. The Council has now started to borrow again, so this saving is not recurring in future years.

Performance – Service Delivery

20. This performance report is based upon the city outcome and council delivery indicators included in the Performance Framework for the Council Plan (2023-2027) which was launched in September 2023. This report only includes indicators where new data has become available, with a number of indicators that support the Council plan being developed. Wider or historic strategic and operational performance information is published quarterly on the Council's open data platform; www.yorkopendata.org.uk
21. The Executive for the Council Plan (2023-2027) agreed a core set of indicators to help monitor the Council priorities and these provide the structure for performance updates in this report. 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.
22. A summary of the city outcome and council delivery indicators by council plan theme, based on new data released since the last report, are shown below.

Housing: Increasing the supply of affordable housing (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% of dwellings with energy rating in A-C band in the EPC Register - Snapshot	42.00% (2022/23)	44.60% (2023/24)	 Good	Monthly	Not available	Q1 2024/25 data available in August 2024
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						









23. **% of dwellings with energy rating in A-C band in the EPC register –**
An Energy Performance Certificate (EPC) gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for 10 years. Apart from a few exemptions, a building must have an EPC assessment when constructed, sold or let. Whilst the EPC register does not hold data for every property, it can be viewed as an indication of the general efficiency of homes. The rating is based on how a property uses

and loses energy for example through heating, lighting, insulation, windows, water and energy sources. Each area is given a score which is then used to determine the A-G rating. In 2023, the median energy efficiency rating for a dwelling in England was Band D and a rating of A-C is generally considered to be good energy performance.

24. The % of properties on the register for York with an EPC rating of A-C has increased slightly throughout 2023-24 from 42.1% at the start of the year to 44.6% at the end. The largest changes can be seen in the middle categories with around 2% less properties rated D-E and around 2% more rated C. The median grade for York for the same period was band D which follows the latest national benchmark. Data is based on the last recorded certificate for 60,298 properties on the register for York, some of which will have been last assessed more than ten years ago.

Sustainability: Cutting carbon, enhancing the environment for our future (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
The average of maximum annual mean Nitrogen Dioxide concentration recorded across three areas of technical breach (at points of relevant public exposure) - Calendar year	43.8 (2021/22)	44.1 (2022/23)	→	Annual	Not available	2023/24 data available in September 2024
Carbon emissions across the city (tonnes of carbon dioxide equivalent) - (Calendar Year)	912 (2019)	816 (2020)	↓ Good	Annual	Not available	2021 data available in October 2024
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						

25. **Level of CO2 emissions across the city and from council buildings and operations** – Carbon emissions across the city have been reducing over recent years, from 936 kilotonnes of carbon dioxide equivalent in 2018, to 816 in 2020. Emissions from councils buildings and operations have also been reducing, from 3,658 tonnes of carbon dioxide equivalent in 2020-21 to 3,462 in 2022-23.

How the Council will operate (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
FOI & EIR - % Requests responded to In time - (YTD)	85.50% (2022/23)	88.99% (2023/24)	 Good	Monthly	Not available	Q1 2024/25 data available in July 2024
% of 4Cs Complaints responded to 'In Time'	94.56% (2022/23)	85.54% (2023/24)		Monthly	Not available	Q1 2024/25 data available in July 2024
The % of the Talkabout panel reporting an 'excellent' experience when they last contacted the council about a service	NA	8.56% (Q3 2023/24)		Quarterly	Not available	Q1 2024/25 data available in August 2024
The % of the Talkabout panel reporting a 'good' experience when they last contacted the council about a service	NA	27.35% (Q3 2023/24)		Quarterly	Not available	Q1 2024/25 data available in August 2024
The % of the Talkabout panel reporting a 'satisfactory' experience when they last contacted the council about a service	NA	27.07% (Q3 2023/24)		Quarterly	Not available	Q1 2024/25 data available in August 2024
The % of the Talkabout panel reporting a 'poor' experience when they last contacted the council about a service	NA	15.47% (Q3 2023/24)		Quarterly	Not available	Q1 2024/25 data available in August 2024
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	12.39 (February 2023)	11.45 (February 2024)	 Good	Monthly	CIPD (Public Sector) 2022/23 10.6	Q4 2023/24 data available in June 2024
York Customer Centre average speed of answer	00:01:42 (Phone) (2022/23)	00:00:13 (Phone) (2023/24)	 Good	Monthly	Not available	Q1 2024/25 data available in July 2024
The DoT (Direction of Travel) is calculated on the latest three data points whether they are annual or quarterly. All historic data is available via the Open Data Platform						

26. **FOI and EIR – % of requests responded to in-time (YTD) – 89%** of requests were responded to in-time during 2023-24, compared to 85.5% in 2022-23, and is the highest figure seen for a number of years.
27. **% of 4Cs complaints responded to in-time –** In 2023-24, there has been a large decrease in the number of corporate complaints received compared to 2022-23 (1,310 in 2023-24 compared to 1,866 in 2022-23). There has been a small reduction in performance for the percentage of corporate complaints responded to in time (85.5% in 2023-24 compared to 94.6% in 2022-23).
28. **Average sickness days per full time equivalent (FTE) employee –** At the end of February 2024, the average number of sickness days per FTE (rolling 12 months) had decreased to 11.5 days from 12.4 in February 2023. Recently released benchmarks show that the CIPD public sector benchmark is 10.6 days per FTE, putting us in line with national trends.
29. **York Customer Centre average speed of answer –** Phones were answered, on average, in 13 seconds during 2023-24 by the York Customer Centre which remains low and is much lower than the average of 1 minute and 42 seconds during 2022-23.

Consultation

30. Not applicable.

Options

31. Not applicable.

Analysis

32. Not applicable.

Council Plan

33. Not applicable.

Implications

34. The recommendations in the report potentially have implications across several areas. However, at this stage

- **Financial implications** are contained throughout the main body of the report.
- **Human Resources (HR)**, there are no direct implications arising from this report.
- **Legal** the Council is under a statutory obligation to set a balanced budget on an annual basis. Under the Local Government Act 2003 it is required to monitor its budget during the financial year and take remedial action to address overspending and/or shortfalls of income. Further work is required to develop and implement proposals that will allow the Council to bring its net expenditure in line with its income. There may be legal implications arising out of these proposals that will be considered as part of the development and implementation of those proposals. If the Council is unable to set a balanced budget, it is for the Chief Financial Officer to issue a report under s114 of the Local Government Finance Act 1988 ('a section 114 notice').
- **Procurement**, there are no direct implications arising from this report.
- **Health and Wellbeing**, reductions in spend in some areas could impact on the health and wellbeing of both our staff and residents. The impact of any reductions in spend will continue to be carefully

monitored so that implications can be considered and mitigated where possible.

- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, are contained throughout the main body of the report. Where decisions impact on residents on a low income these impacts will be recorded in the individual Equalities and Human Rights analysis referred to below.
- **Equalities and Human Rights**, 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.
- **Data Protection and Privacy**, there are no implications related to the recommendations.
- **Communications**, the information set out in this report necessitates both internal and external communications. With ongoing interest in the current state of Local Government funding, we anticipate this report will attract media attention. A comms plan has been prepared to help make the information about the forecast overspend and the controls proposed clear and understandable, with opportunities to facilitate staff discussion arranged.
- **Economy**, there are no direct 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.
36. The current financial position represents a significant risk to the Council's financial viability and therefore to ongoing service delivery. It is important to ensure that the mitigations and decisions outlined in this paper are delivered and that the overspend is reduced.

Recommendations

37. The Committee is asked to:
 - a. Note the finance and performance information.

Reason: to ensure expenditure is kept within the approved budget.

Contact Details

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**Report
Approved**

04/10/24

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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers: None.

Annexes: CSCCSM Q4 23-24 Scrutiny Committee Scorecard