Corporate Scrutiny Committee 7 September 2026

Report of the Director of Finance

2025/26 Finance and Performance Outturn

Summary

1. This report provides a year end analysis of the overall finance and performance position for the year. This is the final report covering the financial year 2025/26.

2. There have been reports to Executive throughout the year that have outlined a challenging financial position for the council. A £2.2m overspend was forecasted in the Monitor 3 report in January which was an improvement on overspend forecast at Monitor 2 of £6.2m. At Monitor 3 there was a reported projected overspend across Adult Social Services totalling £7.25m.

3. This report details that the council outturn position was a budget underspend of £1.498m. This has been an improvement of £3.662m from the position forecast at Monitor 3 report.

4. As a result of the underspend there has been no need to draw on general reserves which stand at £7.4m.

5. The outturn position shows that most areas of the council are now broadly in budget. All service areas (with the exception of Adult Social Care) saw an improvement in the financial position at the end of the year and it is particularly pleasing following significant hard work within the service that Children's and Education service has delivered a year end underspend totalling £1.356m. The key area that requires continued council wide focus is Adult Social Care where the overspend of £8.996m is putting pressure on the council's overall position.

6. As reported in the Financial Strategy report 2026/27 (Executive 27 January 2026) the financial outlook for the council over the coming few years is extremely challenging with government grants reducing at the same rate

that council tax is increasing. To navigate these challenges, it will be necessary to strictly control expenditure to ensure that future savings requirements are at a manageable level.

7. Existing cost control measures therefore remain in place, and these need to continue in order to bring spending down to an affordable level in order to safeguard the Council's financial resilience and stability. The impact that this work is having can be clearly seen in this outturn position and the Council's track record of delivering savings, along with robust financial management, provides a sound platform to continue to be able to deal with future challenges. The fully established Transformation Team is key in supporting the organisational changes needed to operate as efficiently as possible.

8. Local government continues to be in challenging times, with worsening performance in a number of sectors nationally. The majority of performance indicators chosen to support and monitor the Council Plan in York, continue to show a generally positive and stable trend against this difficult financial picture and shows the hard work from staff, partners and the city to tackle these challenges.

9. The Council Plan Progress Reports started in September 2023 which is when the Council Plan 2023-2027 was approved by Executive. The second annual report, providing an update of activity against each of the plan's seven priorities in the year from September 2024 to September 2025 was approved at the November 2025 Executive. The report is published on the Council's webpages: https://www.york.gov.uk/CouncilPlanProgressReport2025 and sits alongside the six-monthly snapshot of progress. The report complements the Finance and Performance Monitor, providing a narrative for the steps that the steps that the Council is taking to meet its ambitions.

Background

Financial Summary and Mitigation Strategy

10. The draft outturn position shows an underspend of £1.498m across service areas for the year compared to a comparable overspend of £2.164m at Monitor 3. The year end position has improved by £3.662m compared to Monitor 3.

11. As has been reported throughout the year the council continues to

face spending pressures primarily around Adult Social Care. The year end overspend of £9m is concerning and it has taken significant work across other service areas in order to bring year end to a small surplus. This shows that the cost control measures in operation across the year has been successful. However, it is worth noting that some of the underspends have been one off such as windfall business rates income from the Leeds City Region pool (£2.3m) and reduced Treasury Management costs resulting from a lower than planned level of borrowing (£3.4m).

12. Members will be aware that whilst financial position of local government is a national challenge. Pressures are being seen across both Adult and Children's Social Care across the country and are not something that is unique to York. The impact of the Fair Funding review on York's funding over the coming years has placed York in a worse position compared to most other authorities. The number of authorities experiencing Exceptional Financial Support remains significant and most councils have increased council tax at the maximum level allowable which indicates that councils are under pressure to balance their budgets. It is essential therefore that we continue the work started last year to reduce our expenditure down to a sustainable level both within the current financial year and over the medium term.

13. The delivery of savings plans and identifications continues to be a clear priority for all officers. Corporate Directors and Directors will keep Executive Members informed of progress on a regular basis.

Financial Analysis

14. The Council's net budget for 2025/26 is £156.9m. The draft outturn on a Directorate basis is shown in the table 1 below.

Service area	Net budget* £'000	2025/26 Q3 Forecast Variation £'000	2025/26 Outturn Variation £'000	Change £'000
Children & Education	39,612	-502	-1,356	-854
Adult Social Care	58,533	7,246	8,996	+1,750
Env. Transport and Planning	23,855	-2,016	-2,864	-848
Housing and Communities	12,089	739	404	-335
Corporate & Central Services	22,332	-2,803	-6,178	-3,375
Sub Total	**156,421**	**2,664**	**-998**	**-3,662**
Contingency	500	-500	-500	0
Total including contingency	**156,921**	**2,164**	**-1,498**	**-3,662**

*Budgets include Support Service Charges totalling £21.7m with the offset being within Corporate and Central Services

15. The year end position shows that there has been an underspend across service budgets of £1.498m. This is an overall improvement of £3.662m compared to Monitor 3. This demonstrates that the council's cost control measures are working.

Finance - Directorate Analysis

Corporate and Central Services

16. The year end outturn position for the remaining areas of the Council is a net underspend of £6,178k and the table below summarises the latest forecasts by service area.

	2025/26 Budget £'000	Outturn Variance £'000	Outturn Variance %
Director of Finance	7,155	-1,199	-16.8
CO HR & Support Services	12,248	+127	+1.0
Director of Governance	4,624	+43	+0.1
City Development	1,497	+530	+35.4
Public Health	1,074	-102	-9.5
Other Corporate & Treasury Mgt	20,142	-5,577	-27.7
Support Services Net Income	-24,408	0	0.0
Total	**22,332**	**-6,178**	**-27.7**

*The above includes £2,700k of Support Service Charges and £24,408k of support service income

17. Within the corporate services directorates have generally delivered an improved position at outturn for the year.

18. Within Finance there was a year end underspend of £544k across housing benefits. Work in the team has reduced the cost to the council of housing individuals in temporary accommodation. The homelessness grant also allowed the cost to taxpayers to be minimised.

19. Within Property there has been additional income across the commercial portfolio totalling £252k. There was one off back dated income relating to the Barbican as well as improved income across other properties in the portfolio.

20. The council has been successful in further letting out office space within West Offices and income from tenants was £197k above budget.

21. There was a small overspend across Governance primarily due to one off costs updating the Legal Services casework system.

22. There was an overspend in HR and Support Services totalling £127k which is predominately due to additional postage costs in Business Support (£+88k), additional occupational health charges across the council and staff support budgets.

23. In City Development the saving identified to increase advertising revenue was not achieved in 2025/26 as there is a need to replace the bus shelters in order to fit new digital screens as well as gain planning permission where relevant. This process is ongoing. Revenue from the new agreement is expected to start later in 2026/27. The position since Monitor 3 has improved further due to staffing underspends, funding allocated from the MCA and other unused budgets (£-137k).

24. Public Health (PH) reported a year end underspend of £444k within services funded from the Public Health Grant, representing an increase of £40k compared to the Q3 projected underspend of £403k. This amount has been transferred to the earmarked Public Health reserve, resulting in a remaining reserve balance of £634k.

25. The main underspends have come from staffing underspends across senior roles within the team (£-206k) and vacancies across the Health Child Service (£-153k). There were also underspends across substance misuse (£-33k) and Health Trainer service (£-54k).

26. Across the General Fund elements of Public Health there were savings from Local Area Coordinators (£-88k) as there were vacancies across the service as well as utilising external funding to support the posts. There was also a small underspend across sport and leisure team (£-18k). The total underspend was £106k,

27. The Treasury Management budget underspent by £3,424k (£1,500k at Monitor 3). The underspend on borrowing costs is largely due to lower spending on the capital programme than was budgeted for. The original budget was based on needing an additional £78m of loans to cover the projected capital spend; in the event we only took out £20m of new loans (excluding replacement finance). There is also a policy of delaying borrowing for as long as possible which meant that loans were taken out later in the year than was originally assumed, reducing interest costs in year. The treasury budget will be required in the medium term as borrowing takes place through that capital programme.

28. There was also a lower than budgeted payment made to HRA which recognises credit balances within the HRA. This is primarily due to HRA debt repayments that have been occurring since 2023/24.

29. Within corporate budgets there was a one receipt of £2.28m from the Leeds City Region Business Rates pool covering the period 2021/22 to 2024/25. This represents the councils share of the surplus on the Business Rates pool over the period. The delay in receiving the funding was due to Leeds City council awaiting audited accounts from all the constituent authorities. Some of the authorities had been held up by the severe local authority audit backlog which has been addressed through statutory backstop process.

Performance – Service Delivery

30. 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. Wider or historic strategic and operational performance information is published quarterly on the Council's open data platform; www.yorkopendata.org.

31. 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.

32. A summary of the city outcome and council delivery indicators by council plan theme are shown in the paragraphs below along with the latest data for the core indicator set.

How the Council will operate (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
FOI & EIR - % Requests responded to In time - (YTD)	95.3% (2024/25)	94.8% (2025/26)	⇨	Monthly	Not available	Q1 2026/27 data available in July 2026
% of 4Cs Complaints responded to 'In Time'	70.1% (2024/25)	51.1% (2025/26)	⇩ Bad	Monthly	Not available	Q1 2026/27 data available in July 2026
The % of the Talkabout panel reporting an 'excellent' experience when they last contacted the council about a service	11.5% (Q1 2025/26)	12.8% (Q3 2025/26)	⇧ Good	Quarterly	No benchmarking as local indicator	Q1 2026/27 data available in August 2026
The % of the Talkabout panel reporting a 'good' experience when they last contacted the council about a service	30.7% (Q1 2025/26)	32.6% (Q3 2025/26)	⇨	Quarterly	No benchmarking as local indicator	Q1 2026/27 data available in August 2026
The % of the Talkabout panel reporting a 'satisfactory' experience when they last contacted the council about a service	32.6% (Q1 2025/26)	37.4% (Q3 2025/26)	⇨	Quarterly	No benchmarking as local indicator	Q1 2026/27 data available in August 2026
The % of the Talkabout panel reporting a 'poor' experience when they last contacted the council about a service	25.2% (Q1 2025/26)	17.3% (Q3 2025/26)	⇨	Quarterly	No benchmarking as local indicator	Q1 2026/27 data available in August 2026
Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)	11.9 (2024/25)	12.1 (2025/26)	⇨	Monthly	CIPD (Public Sector) 2024/25 13.3	Q1 2025/26 data available in July 2026
York Customer Centre average speed of answer	00:00:42 (Phone) (2024/25)	00:02:11 (Phone) (2025/26)	⇨	Monthly	No benchmarking as local indicator	Q1 2026/27 data available in July 2026
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						

33. **FOI and EIR – % of requests responded to in-time (YTD) –** 94.8% of FOI and EIR requests were responded to in-time during 2025-26. This figure remains high.

34. **% of 4Cs complaints responded to in-time –** There has been a large decrease in the number of corporate complaints received over recent years with 743 received in 2025-26 (compared to 1,054 in 2024-25 and 1,310 in 2023-24). However, the percentage of corporate complaints responded to in time during 2025-26 was 51.1% which is much lower than 70.1% in 2024-25.

35. During the last year there have been challenges with filling vacancies in the team which has caused delays in responding to complaints and a back log to form which has been difficult to manage without being fully staffed. Capacity remains an issue with ongoing recruitment and long-term staff illness affecting the performance of complaints management however having brought in additional temporary resourcing in the area this is starting to improve.

36. In addition to this, some enhancements have been made to CYC website to reduce the number of cases received and administered by the complaints team which are considered to be business as usual requests. Whilst this doesn’t affect complaint volumes it has led to increased

capacity for complaint handlers to manage complaints and improve timeliness.

37. Permanent recruitment to bring the team back to full capacity is underway. It is expected that although this may initially cause numbers to increase as cases are logged it will then lead to further stabilising of the back log with recording and response times returning to more usual standards for the council. CYC continues to operate out-with the LGSCO complaint handling code timescales with most corporate complaints. Statutory Adults, Children's, and Housing complaints are prioritised and are shared with services within timescales.

38. **% of the Talkabout panel reporting an excellent, good, satisfactory or poor experience when they last contacted the council about a service –** The results for this indicator for Q3 2025-26 show that the majority of the panel report having a 'good' (33%) or 'satisfactory' (37%) experience when they last contacted the Council, with 13% reporting an 'excellent' experience (up from 12%) and 17% reporting a 'poor' experience (down from 25%).

39. **Average sickness days per full time equivalent (FTE) employee –** At the end of 2025-26, the average number of sickness days per FTE (rolling 12 months) was 12.1 days (compared to 11.9 days in 2024-25). The latest benchmarks show that the CIPD public sector benchmark is 13.3 days per FTE, putting us below national trends.

40. **York Customer Centre average speed of answer –** Phones were answered, on average, in 2 minutes and 11 seconds during 2025-26 by the York Customer Centre. This is slower than in 2024-25 (42 seconds) and in the previous few years.

Consultation

41. Not applicable.

Options

42. Not applicable.

Analysis

43. Not applicable.

Council Plan

44. Not applicable.

Implications

45. 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. The actions and recommendations contained in this report should ensure the continued financial stability and resilience of the Council both in the current year and in future years.
- **Human Resources (HR),** there are no direct implications related to the recommendations.
- **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.
- **Procurement**, there are no specific procurement implications to this report.
- **Health and Wellbeing**, there are no direct implications related to the recommendations.
- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, there are no direct implications related to the recommendations.
- **Equalities and Human Rights**, there are no direct implications related to the recommendations.
- **Data Protection and Privacy,** there are no implications related to the recommendations.
- **Communications**, there are no direct implications related to the recommendations.
- **Economy**, there are no direct implications related to the recommendations.

Risk Management

46. 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.

Recommendations

47. The Committee is asked to:
    a. Note the finance and performance information within the report and note that the underspend of £1.498m will be added to council general reserves.

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

Contact Details

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	Report Approved	✓	**Date**	25/08/2026

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: Corporate Q4 25-26 Scrutiny Committee Scorecard