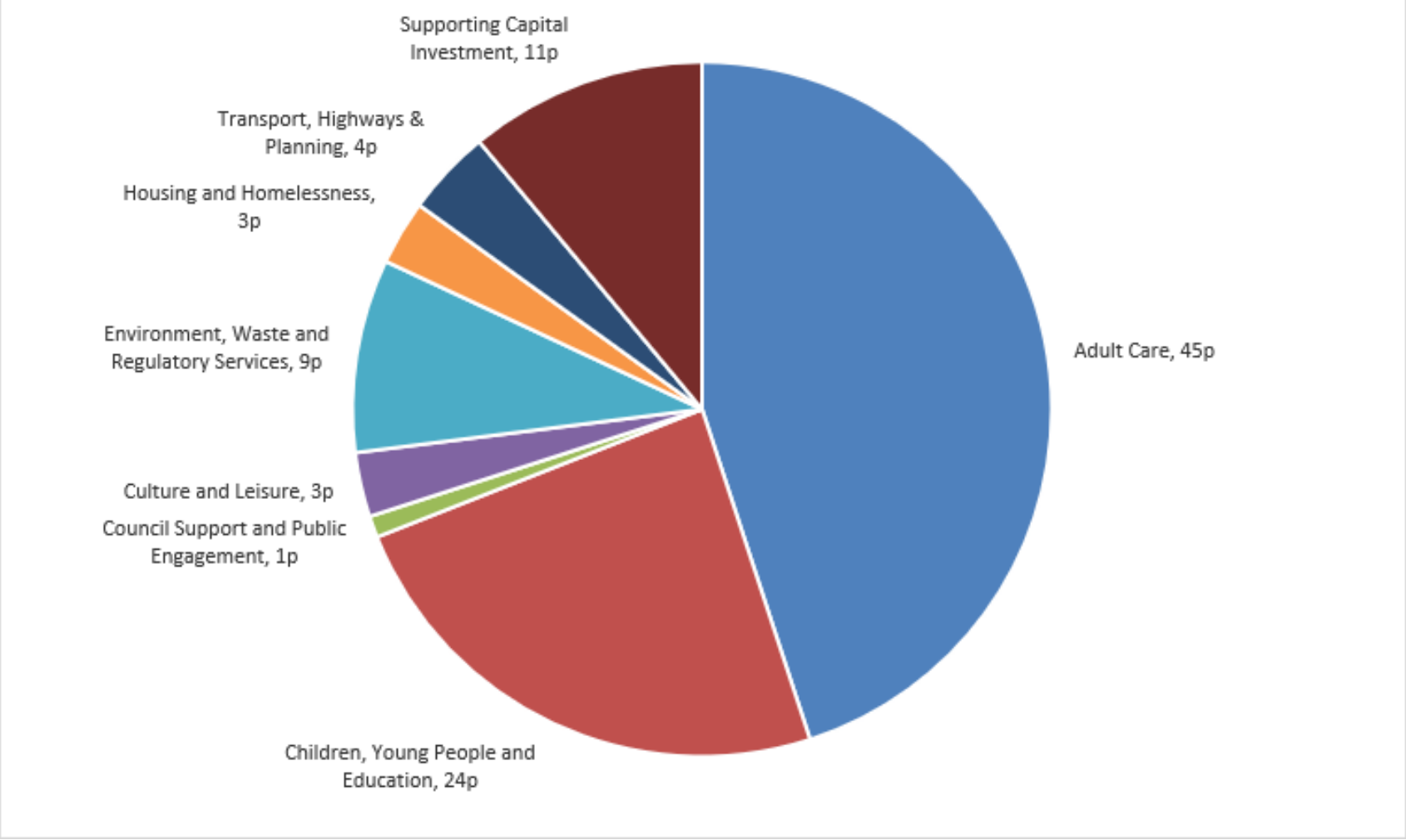
City of York Council Budget 2027/28

Our financial challenge

- We have forecasted a budget gap of £32.3 million over the next two years.
- It is one of the most significant financial challenges we have faced.
- Balancing the budget will require a council wide approach and difficult decisions.
- We are continuing to focus on financial resilience, efficiency and cost control.

The scale of this challenge means the council must fundamentally rethink how services are delivered.

Council Tax – how £1 was spent in 2026/7



Why costs are rising

- York's ageing population is increasing demand for care and support services.
- More residents are presenting with complex social care needs.
- Inflation continues to increase the cost of delivering services.
- Pressures within the NHS are having knock on impacts on local authority budgets.
- Demand for services is rising faster than available income.

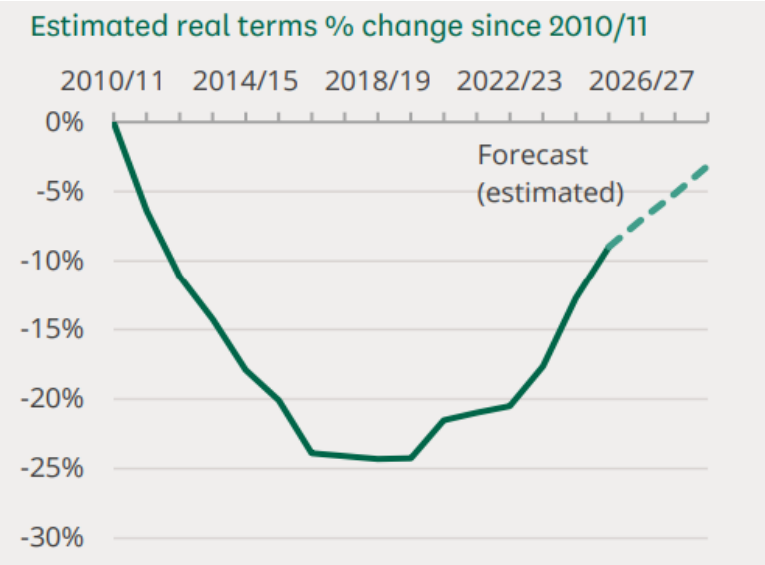
Demand and cost pressures are growing faster than council funding.

What's influencing our income?

How are services funded?

- The government sets out each year how much a council can spend through an annual Finance Settlement
- These settlements determine the level of “core spending power” we will have.
- The settlement is made up of central government grants, retained business rates, and revenue from Council Tax.
- The council is forecasting that in 2027/28 68% of core spending power will come from residents through council tax.

The core spending power of English councils remains below 2010/11 levels



Source: House of Commons Library

Fair Funding Review

- This year, the Government has applied a new funding formula linked to levels of deprivation.
- Because we are considered to have relatively low levels of deprivation across the city, York stands to lose out.

Council tax rises capped

We can only increase council tax by up to 5%, of which 2% is ringfenced to support adult social care.

Most council spending is now focused on statutory services

- Adult Social Care now accounts for 46.5% of spending.
- Children's Services accounts for 21.5%.
- Together, these services represent 68% of the council's budget.
- This leaves less flexibility to fund other local services and priorities.

Nearly seven in every ten pounds is spent on adults and children’s social care.

Delivering savings and transforming services

- York has already delivered more than £39m of savings since 2022/23.
- Future savings requirements will be significantly larger.
- The council continues to make the case for fairer government funding.
- Greater efficiency, innovation and service redesign will be required.
- Some services may be reduced as resources are prioritised towards statutory responsibilities

Challenges today. Opportunities ahead.

- Devolution is creating new opportunities for local decision-making.
- The York and North Yorkshire Combined Authority has gained additional powers and responsibilities.
- Increased influence over skills, transport, housing and economic development could support future growth.
- Government reforms may allow areas to retain more locally generated business rate income.
- Strong partnership working between business and the public sector will be critical.