

**Children, Education & Communities Policy  
& Scrutiny Committee**

**6 April 2021**

Report of the Corporate Director of People

**2020/21 FINANCE THIRD QUARTER MONITORING REPORT – CHILDREN,  
EDUCATION & COMMUNITIES**

**Summary**

- 1 This report analyses the latest performance for 2020/21 and forecasts the financial outturn position by reference to the service plans and budgets for all of the services falling under the responsibility of this committee.

**FINANCIAL ANALYSIS**

- 2 A summary of the service plan variations is shown at table 1 below.

**Table 1 – CEC Financial Projections Summary 2020/21 – Quarter 3**

2020/21 Quarter 2 Variation £000		2020/21 Latest Approved Budget			2020/21 Projected Outturn Variation	
		Gross Spend £000	Income £000	Net Spend £000	£000	%
+4,983	Children's Specialist Services	22,117	2,663	19,454	+5,793	+29.8%
+164	Communities & Equalities	9,691	4,517	5,174	+179	+3.5%
+2,097	Education & Skills	16,804	4,942	11,862	+3,956	+33.4%
-1,437	School Funding & Assets	142,750	150,524	-7,774	-3,313	-42.6%
+530	Central CEC Budgets	1,842	5,996	-4,154	+247	+5.9%
-600	Children's Improvement Funding				-651	
-1,192	Covid 19 Funding				-1,192	
-1,950	Mitigations				-1,450	
<b>+2,595</b>	<b>Total CEC Directorate</b>	<b>193,204</b>	<b>168,742</b>	<b>24,562</b>	<b>+3,569</b>	<b>+14.5%</b>

+ indicates increased expenditure or reduced income / - indicates reduced expenditure or increased income

- 3 A net General Fund overspend of £3,569k is forecast primarily due to continuing pressures within children's social care budgets. In addition, the deficit balance within the ring-fenced Dedicated Schools Grant (DSG) projected to be carried forward into 2021/22 is £5,439k higher than budgeted for. The following sections provide more details of the major outturn variations.

### **Children's Specialist Services (+£5,793k / +29.8%)**

- 4 The placements budgets are predicted to overspend by a total of £2,624k in 2020/21. This includes variances of £896k on Fostering (including Independent Fostering Agencies where there are 35 ongoing placements, an increase of 11 since the first quarter), £225k on adoption and other allowances and £1,503k on Out of City Placements. The fostering projection is based on all local foster carer positions being filled, so where a child reaches 18 or a foster placement ends, then it is assumed that this is filled. The IFA and Out of City Placement projections have taken account of the placements expected to end in 2020/21, with a further reduction expected in 2021/22.
- 5 The number of Looked After Children in York has increased significantly in the past 12 months. The Looked After Children population had been stable for a number of years, in the range 190-210 at any one time (this was significantly below statistical neighbour and national average). On appointment the new Directorate Management Team identified unsafe drift and delay for some children in the system. This was subsequently identified by Ofsted and corrective action has led to significant recalibration in the system. For example in October 2018 there were only 4 individual children in care proceedings. As at the end of September 2020 there were 55 sets of proceedings on 93 individual children in place. Whilst the recalibration of the system has led to an increase of children in care, children are safer as a result and work now is being done to safely reduce numbers to acceptable levels. An external review of our multi agency safeguarding hub (the front door to children's social care services) has confirmed that decision making and thresholds are now appropriate.
- 6 At the time of this monitor the Children & Young People in Care (CYPIC) number is 287 and within the next 3 years 25% of these will leave local authority care. A Reducing Service Costs Board has been established in Specialist Services chaired by the Assistant Director which will review arrangements to reduce CYPIC numbers safely, the effectiveness and impact of the Edge of Care Service, current Family Group Conference activity and progress on foster care recruitment. In addition a Strategic Overview of Permanence Group has been established, chaired by the Assistant Director to monitor the new Permanence Strategy through tight oversight of children with a plan of permanence and ensuring rigorous use of trackers in order to prevent delay and manage demand in the system.

- 7 A Track and Challenge exercise is also being undertaken on all young people in high cost residential placements which will also ensure education and health costs contributions where applicable are met. A Pathway for funding will be set up to include Health and Continuing Care funding. Children in residential are also being reviewed and those who need to be assessed with a view to returning nearer to York or 52 week placements in residential school to reduce to 38 are assessed.
- 8 Safeguarding Interventions are predicted to overspend by £1,304k, mainly due to increases in the Court and Child Protection Teams who are dealing with the increase in cases. For example in October 2018 there were only 4 individual children in care proceedings. At the end of September 2020 there were 55 sets of proceedings on 93 individual children in place. Legal fees are predicted to overspend by approximately £315k. Children protection numbers, following a recalibration spike, have now returned to national average levels.
- 9 Staffing budgets with Children's Social Work Services, including the Permanency and Referral & Assessment teams, are also predicted to overspend by approximately £1,321k. This is mainly due to temporary staffing across the service, which the directorate has worked hard to eliminate with permanent appointments. Use of agency staff is at a last resort. This could be for example to back fill maternity leave however managers must evidence that they have attempted to backfill with fixed term contract in advance of any agency staff being agreed. A revised structure which reduced the need for agency costs had been agreed just before lock down but has not been able to be taken forward during the initial phase of the pandemic. This is now being re activated.

### **Communities & Equalities (+£179k / +3.5%)**

- 10 The majority of this variance is related to the projected costs of the Community Hubs which were set up at the beginning of lockdown and have transitioned into a new method of working. The cost for 2020/21 is now estimated to be in the region of £130k, which will be funded from Covid 19 emergency funding.
- 11 Adult Learning continues to see a reduction in course income. Total income losses are now estimated to be at least £190k, but savings in costs of delivering courses reduce the net loss to approximately £125k. A claim through the income compensation scheme for approximately £60k has been made and a further claim in Round 2 will be made. If these are successful then Adult Learning is predicted to have a small overspend of approximately £30k as a result of income losses that cannot be claimed plus a number of other minor variances.
- 12 The other main variance is an overspend of £24k due to a contribution made to the Head of Culture and Wellbeing post at Make It York, for which there is no budget provision.

## **Education & Skills (+£3,956k / +33.4%)**

- 13 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.
- 14 In addition, due to the effects of Covid 19 and the complications and uncertainties created by the requirements for school transport and social distancing from September, it is extremely difficult to estimate the potential overspend at this stage. However, due to negotiations with providers, a reduction in contract payments was secured for the summer term, whilst still supporting the providers to remain in business.
- 15 This issue is common to all LAs with Home to School Transport responsibilities, and the Government has recognised this with the announcement of a grant to assist in funding these additional costs. City of York Council's allocation of this grant is £125k. It is not yet clear if further funding will be provided, and, if not, there may be a further impact on the budget, although the Directorate is currently working hard to contain additional expenditure to current spend levels plus the grant funding.
- 16 At this stage an estimated overspend of £211k has been included in the directorate projection, reflecting the effects of the historic overspend, the reduction in costs in the summer term, and some estimates of the likely position for the remainder of the financial year. This is still subject to change depending on the arrangements which may be required in the spring term due to Covid.
- 17 A staffing underspend of £39k is predicted across the School Improvement and Skills Teams due to vacant posts, however this saving is offset by an unbudgeted payment to the York Skills Board of £20k. Education Psychology is predicted to overspend by £72k, mainly on staffing.
- 18 The DSG budgets within Education and Skills (excluding Transport) are predicted to overspend by £3,251k, mainly due to the high number of Out of Authority placements (+£3,195k) and an overspend in the Specialist Teaching Teams of £147k, offset by some savings in the other SEND central team

budgets. These variances contribute significantly to the projected deficit position on the DSG.

### **Schools Funding & Assets (-£3,313k / -42.6%)**

- 14 The net projected variation is made up of the following items:
- a carry forward deficit of DSG from 2019/20 that is £865k higher than budgeted for,
  - an estimated overspend on high needs costs of £1,261k, particularly in relation to Danesgate alternative provision and post 16/19 placements;
  - a projected deficit carry forward of DSG into 2021/22 which is £5,439k higher than budgeted for.
- 15 The DSG balance brought forward at 1st April 2020 was a deficit of £4.865m. Current predictions on High Needs and Central Services Block expenditure indicate that this deficit will grow to £10.439m by the end of this financial year, due to the continuing increase in High Needs numbers, and increasing complexity, requiring expensive provision. The main pressures are in Post 16/19 provision, Alternative Provision and the Out of Authority placements. We are developing a DSG recovery plan which will provide options to bring this back to a balanced budget over the next 3 years. This is a national issue and we are part of national lobbying for the SEND review to move forward to address the funding gaps in this area which are being experienced across the country.

### **Director of CEC and Central Budgets (+£247 / +5.9%)**

- 16 The projected overspend is mainly due to expenditure on the children's improvement plan, unachieved vacancy factor within the senior management team and additional admin support.

### **Covid 19 Costs and Funding (-£1,192k)**

- 17 In summary, an amount of £1,192k has been assumed in these projections as being funded from Covid emergency resources covering the following areas of expenditure:
- £131k for the Community Hubs
  - £67k from the Income Compensation Scheme
  - £544k for the costs being collected centrally that have resulted from the impacts across the directorate
  - £450k for unachievable budget savings

### **Mitigations (-£1,450k)**

- 18 The service is working on a detailed, costed mitigation plan that will include ways to improve controls over expenditure, identify efficiencies across the directorate and benchmarking with other Councils to ensure best value is being achieved across all areas. Work is also underway to manage and understand demand so that early support can be put in place along with improved commissioning to ensure all activity is needs led and evidence based. We are also considering options to deliver services in a different way either through new brokerage arrangements or sharing services on a wider footprint.
- 19 To date, the following mitigations have been identified or are being explored:
- A review of all expensive placements is already in progress via the Track and Challenge exercise. To date, a small number of changes have been identified, which, if actioned, could save £450k, although the majority of this is currently charged to the DSG. The net effect on the General Fund would be a saving of £30k. Further progress may be possible in this area but this will require significant work on step-down arrangements before it would be safe to implement some of the potential moves being considered, such as the possible move from 52 to 38 week placements for a small number of children. If successful, this would result in a significant reduction in General Fund expenditure.
  - A review of all temporary staffing contracts to ensure the most cost effective arrangements are utilised, via the use of fixed term employment contracts rather than agency staff where possible.
  - A review of any local foster carers without current placements with the aim of moving children into these as soon as possible from more expensive arrangements.
  - Continue the restrictions on all discretionary spend and hold recruitment to vacant posts wherever possible and safe to do so.
  - Consider whether any of the savings proposals in development for 2021/22 can be implemented early to deliver additional short term and on-going savings.
  - Review the level of expenditure to be committed from specific unbudgeted in year grants with a view to generating a one-off saving.

## **Council Plan**

- 20 This report is directly linked to the key priority A Better Start for Children and Young People in the Council Plan.

## **Implications**

- 21 The financial implications are covered within the main body of the report. There are no other direct implications arising from this report.

## Recommendations

22 As this report is for information only there are no specific recommendations.

Reason: To update the committee on the latest financial position for 2020/21.

## Contact Details

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### Chief Officer Responsible for the report:

Amanda Hatton  
Corporate Director of People

Report  
Approved

Date

25 March 2021

**Specialist Implications Officer(s)** None

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

All

**For further information please contact the authors of the report**

## Background Papers

2020/21 Finance and Performance Monitor 3 Report, Executive 11 February 2021  
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=12508>