

Meeting:	Children, Culture & Communities Scrutiny Committee
Meeting date:	17 October 2023
Report of:	Ian Floyd Chief Operating Officer Richard Hartle Head of Children and Education Finance

2023/24 Finance and Performance Monitor 1

Subject of Report

1. This report sets out the projected 2023/24 financial position and the performance position for the period covering 1 April 2023 to 30 June 2023, together with an overview of any emerging issues. This is the first report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. This report outlines the Council's serious financial position with a forecast overspend for 2023/24 of £11.4m. This is a significant overspend that is of serious concern and it is very clear 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.
3. Given the scale of the forecast overspend, immediate action is needed to bring spending down to an affordable level, both within the current financial year and over the next 4 years, to safeguard the Council's financial resilience and stability.
4. This report outlines the actions we need to take and identifies areas for further work. If we take immediate action and make these difficult decisions now, this will ensure the future financial stability of the Council and that we can continue to provide services for our residents. It is vital that the mitigations are delivered, and the forecast overspend is reduced.

Benefits and Challenges

5. This report is mainly to note the latest financial projections and current performance. The main challenge is delivering on agreed savings whilst also identifying further reductions in expenditure. The main benefit of approving the recommendations will be the ongoing financial stability of the Council.

Policy Basis for Decision

6. This report is mainly to note the latest financial projections and current performance. The ongoing financial resilience and stability of the Council will be essential to ensuring that Council priorities can continue to be achieved.

Financial Strategy Implications

7. This report sets out the projected financial position and identifies a range of actions that are necessary in order to reduce expenditure, both within the current financial year and over the next 4 years to safeguard the Council's financial resilience and stability.

Recommendation and Reasons

8. The Committee is asked to note the finance and performance information.

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

Background

Financial Summary and Mitigation Strategy

9. The current forecast is that there will be an overspend of £11.4m. This is despite action being taken by managers across the Council to try and reduce expenditure. If the Council continues to spend at the current level, and no action is taken, then we will continue to overspend and will exhaust our reserves and any other available funding. The current level of expenditure is unaffordable and therefore we must take immediate action to reduce expenditure.

10. As outlined in reports to Executive throughout the previous financial year, we have continued to see recurring overspends across both Adult and Children's Social Care. However, the underspends and mitigations that have allowed us to balance the budget at year end have generally been one off. Whilst the use of reserves to fund an overspend is appropriate as a one-off measure, it does not remove the need to identify ongoing savings to ensure the overall position is balanced. The budget report considered by Executive in February 2023 also included an assessment of risks associated with the budget, which included the need to secure further savings and effectively manage cost pressures.
11. 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 take immediate action to reduce our expenditure down to a sustainable level both within the current financial year and over the medium term. Taking decisive action now will safeguard the Council's financial resilience and stability and prevent York being in a position where it is unable to balance its budget in future years. This means that, in addition to the actions proposed in this report, there will be a need to continue to identify further mitigations and savings for future years.
12. A series of mitigations and cost control measures are already in place to reduce the forecast overspend but further measures need to be implemented. Given the scale of the financial challenge, and the expected impact on budgets in future years, it is vital that every effort is made to balance the overall position. It is recognised that this will require difficult decisions to be made to protect services for vulnerable residents.
13. Corporate control measures are being implemented but they will not deliver the scale of reduction needed within the year. Other savings proposals, including service reductions, will also be needed.

The following measures will therefore be implemented with immediate effect.

- i. Increase car parking charges by 10p per hour as outlined in paragraphs 81 to 82.

- ii. A freeze on recruitment, agency, and overtime wherever possible and safe to do so. Some exceptions are in place for waste, social care, income generating posts and health and safety matters. This will impact on service delivery in a variety of ways, depending on where the vacancies arise. Corporate Directors will monitor the position in their own directorates and highlight any risks as appropriate.
 - iii. Introduce an officer procurement challenge panel to review all procurements, ensuring that they look to reduce costs and review service levels with an expectation that savings are delivered from contracts. This will include not reprocurring non statutory contracts where it is considered possible and safe to do so.
 - iv. Identify alternative funding sources for the remaining one-off items, totalling £650k, that are due to be funded from the Venture Fund and Business Rates Pool to allow this funding to instead offset the forecast overspend.
14. Further work will also be done to consider whether savings can be realised from a range of other areas. This work will start now, and any options considered in a future report to Executive or an Executive Member Decision Session as appropriate.
- i. Explore the potential for generating income through provision of some non-statutory services such as green waste collection.
 - ii. Review the current capital programme to identify any schemes that can be delayed so that we can also defer borrowing costs to generate a revenue saving in year. This review will also consider whether schemes not yet started should progress and will include a review of ICT expenditure to identify any work that can be reduced or delayed.
 - iii. Consider a reduction in expenditure on highways maintenance.
 - iv. Consider further reductions in ward funding.
 - v. Review all grant payments to Community & Voluntary sector to identify any areas that could be reduced.
 - vi. Review all fees and charges to identify where in year increases could be implemented.
 - vii. Review a range of existing contracts and service levels to identify any that can be reduced.
15. Alongside these actions, officers will continue to carefully monitor spend, identify further mitigation, and review reserves and other funding to make every effort to reduce this forecast position.

However, it is possible that it will not be reduced to the point that the outturn will be within the approved budget. The Council has £6.9m of general reserves that would need to be called on if this were the case. As outlined in previous reports, any use of the general reserve would require additional savings to be made in the following year to replenish the reserve and ensure it remains at the recommended minimum level.

16. It must be a clear priority for all officers to focus on the delivery of savings plans during the year. Corporate Directors and Directors will keep Executive Members informed of progress on a regular basis.

Directorate Analysis – Children and Education

17. The overall projection represents a significant improvement on the position reported during 2022/23. In particular, a reduction in the underlying overspend within the Children & Education Directorate of over £3m compared to the 2022/23 final outturn position.
18. There has been significant progress made in reviewing and reducing the expenditure across Children & Education, with a substantial reduction in the use of agency staff and the cost of placements compared to 2022/23. This is extremely positive and is against the national trend of ever increasing overspends in Children's Services. However, costs are increasing due to inflation, an increase in safeguarding activity reflecting greater complexity of needs and the challenges of a dysfunctional children's social care market. Table 1 below provides a high-level summary.

Table 1: Children, Culture & Communities Financial Projections Summary 2023/24 – Monitor 1

2022/23 Outturn Variation £000		2023/24 Latest Approved Budget			2023/24 Projected Outturn Variation	
		Gross Spend £000	Income £000	Net Spend £000	£000	%
	Children & Education					
+7,539	Children’s Safeguarding	24,036	2,727	21,309	+4,291	+20.1%
+773	Education & Skills	19,643	5,019	14,624	+782	+5.3%
-135	School Funding & Assets	170,894	178,536	-7,642	-5	-0.1%
-51	Director of C&E & Central Budgets	2,788	5,996	-3,208	+6	+0.2%
+8,126	C&E Directorate Total	217,361	192,278	25,083	+5,074	+20.2%
-750	One-Off Mitigations:					
-2,707	Covid Grant					
	DSG Safety Valve					
	M1 Mitigations				-500	N/A
+4,669	C&E Total After Mitigations	217,361	192,278	25,083	+4,574	+18.2%
+58	Culture & Communities	14,761	7,091	7,670	-34	-0.4%
+4,727	CC&C Scrutiny Total	232,122	199,369	32,753	+4,540	+13.9%

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

Children's Specialist Services

19. As previously reported, the number of Children Looked After (CLA) in York has consistently been at a higher level than the budget was built to accommodate. The number at the beginning of the financial year was 267, at the end of June it was 263. Placement budgets are predicted to be overspent by a total of £2,608k, which is a significant improvement from the 2023/23 outturn which was £5,651k overspent. However, the pressure on this budget continues and 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 could worsen the position.

20. In addition, there is a predicted overspend in the Corporate Parenting Staffing Teams of £317k as the staffing budgets make no provision for the extra costs of agency staff.
21. Safeguarding Interventions is predicted to overspend by 165k due to a higher number of cases and the use of some agency staff to cover vacancies. In addition, legal fees are predicted to overspend by £218k.
22. An overspend in Disabled Children's Services of £542k is mainly overspends on direct payments. A specific project for direct payments is being investigated, which will clawback some of previous payments made and reduce ongoing costs.

Education and Skills

23. Home to School Transport shows a forecast overspend of £775k. This continuing overspend is due to an increase in numbers for post 16/19 plus the provision of more specialist education provision locally. This is a much more cost-effective alternative to expensive out-of-city provision but has a consequent effect on this budget as we have had to provide more transport to establishments such as York College, Askham Bryan, Choose 2 and Blueberry Academy. The change in legislation to allow EHCPs up to the age of 25, resulting in significantly more students accessing this option, has also significantly increased our transport spend.

School Funding & Assets (including the DSG)

24. The Dedicated Schools Grant (DSG) is currently projected to be on track to meet the targets set out in the Safety Valve recovery plan agreed with the DfE.
25. The main pressure continues to be experienced 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.
26. The brought forward balance on the DSG as at 1 April 2022 was a deficit of £5,843k, following the first payment of additional funding under the Safety Valve agreement in March 2022. The net position

in 2022/23 would have been an overspend of £1,380k, however a further £4,500k of additional DSG was paid during the year as the LA successfully met the targets set out in year one of the agreed management plan. The result is a revised cumulative deficit of £2,723k to carry forward to 2023/24.

27. The Safety Valve agreement 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.

Office of the Director of Children & Education & Central Budgets

28. There are no significant variations to report.

Children & Education Directorate Mitigations

29. Senior officers in the Directorate and Finance have reviewed all budgets and have identified a number of in-year mitigations to reduce the headline directorate overspend. To date, an amount of £500k has been identified, mainly from reserves and grants brought forward that can be allocated to fund expenditure in the year, plus a small amount of unallocated growth and contingency provision.

Communities & Equalities

30. These services, which include York Learning, Libraries, Sports and Leisure and Communities are currently expected to underspend by £34k. Most service areas are spending within the budget allocation with some small underspends identified related to holding vacant posts.

Performance – Service Delivery

31. This interim performance report is based upon the strategic indicators included in the Performance Framework for the Council Plan (2019-2023) which was launched in late 2019. Following local elections in May 2023, a new Council Plan (2023-2027) went through the formal approval stage and for the Q2 2023-24 Finance and Performance Monitor, there will be a new Performance Framework based on the new Council Plan and therefore a new suite of strategic indicators.
32. The Executive for the Council Plan (2019-23) agreed a core set of strategic 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.
33. Performance items around the Council plan topics “A Better Start for Children and Young People” and “Safe Communities and culture for all” are reported below, as historically other topics in the Council plan are reported to the other various scrutiny setups.

A Better Start for Children and Young People

A Better Start for Children and Young People						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Secondary school persistent absence rate (10% absence) (recorded over 6 terms)	12.10% (2020/21)	26.22% (2021/22)	↑ Bad	Annual	Not available	Data for 2022/23 will be available in March 2024
Voice of the Child - Service Usage and Life Opportunities	Narrative	Narrative	N/A	Quarterly	Not available	Narrative
% of children who have achieved a Good Level of Development (GLD) at Foundation Stage - (Snapshot)	75.60% (2018/19)	70.90% (2021/22)	→	Annual	National Data 2021/22 65.20%	Data for 2022/23 will be available in November 2023
Average Progress 8 score from KS2 to KS4	0.22 (2018/19)	0.26 (2021/22)	→	Annual	National Data 2021/22 -0.02	Data for 2022/23 will be available in November 2023
% of pupils achieving 9-4 or above in English & Maths at KS4 (C or above before 2016/17)	73.60% (2018/19)	75.30% (2021/22)	→	Annual	National Data 2021/22 56.10%	Data for 2022/23 will be available in November 2023
%pt gap between disadvantaged pupils (eligible for FSM in the last 6 years, looked after and adopted from care) and their peers achieving 9-4 in English & Maths at KS4	29.00% (2018/19)	32.00% (2021/22)	→	Annual	National Data 2021/22 28.20%	Data for 2022/23 will be available in November 2023
% of Year 12-13 (academic age 16-17) NEET who possess less than a L2 qualification - (Snapshot)	87.10% (2022/23)	88.20% (Q1 2023/24)	→	Monthly	Not available	Q2 2023/24 data available in October 2023

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

34. The number of Children and Young People in York's care at the end of Q1 2023-24 was 263. York's rate per 10k population was 71 compared to a national average of 70. At the end of Q1, there were 16 Unaccompanied Asylum-Seeking Children in the care of York, which is expected to increase due to the National Transfer Scheme mandating that "the Home Office will not transfer UASC to an authority that is also looking after UASC in line with, or greater than, 0.1% of their child population". For York, this is equivalent to approximately 36 young people meaning this sub-group of children in care has the scope to more than double.
35. The number of children who were the subject of a Child Protection Plan was 97 at the end of June 2023, following a steady decline from a high of 191 in August 2022. At 26 plans per 10k population, performance was lower than comparator averages (Family 31.8 per 10k, National 41.4 per 10k). The proportion of children becoming the subject of a second or subsequent plan was improved, at 16.7% in the first quarter of 2023-24. Small cohorts, and large sibling groups are known to cause fluctuations in performance in this area and Children's Social Care continue to review children who become the subject of a second or subsequent plan.

36. The number of referrals to Children’s Social Care during Q1 2023-24 was just under 400, which was fewer than the same period in the previous two years (around 450). Re-referral performance (within 12 months of a previous referral) also remains stable and in line with benchmarks. In recent years, York has seen fewer referrals to CSC per 10k than comparator groups, and performance this year suggests a similar trend.
37. The number of Early Help Assessments initiated by City of York Early Help service in Q1 was 54, which is reduced on the previous three years. It should be noted that CYC services have been working with other agencies over the last 12 months, with increasing numbers of assessments led by partners (e.g. schools). City of York Early Help services continue to be involved with the same number of families, working alongside families and partners who are leading on Early Help Assessments.

Safe Communities and Culture for all

Safe Communities and culture for all						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% of Talkabout panel satisfied with their local area as a place to live	84.38% (2021/22)	82.18% (2022/23)	➡	Bi-annual	Community Life Survey 2020/21 79%	Q1 2023/24 data available in September 2023
All Crime per 1000 population	70.7 (2022/23)	16.3 (Q1 2023/24)	➡	Monthly	National Data Q1 2023/24 22.8	Q2 2023/24 data available in November 2023
Number of Incidents of ASB within the city centre ARZ	994 (2022/23)	254 (Q1 2023/24)	➡	Monthly	Not available	Q2 2023/24 data available in November 2023
Visits - All Libraries	864,963 (2022/23)	240,908 (Q1 2023/24)	↑ Good	Quarterly	Not available	Q2 2023/24 data available in October 2023
% of Talkabout panel who agree that they can influence decisions in their local area	24.26% (2021/22)	20.94% (2022/23)	↓ Bad	Bi-annual	Community Life Survey 2020/21 27%	Q1 2023/24 data available in September 2023
% of Talkabout panel who give unpaid help to any group, club or organisation	61.35% (2021/22)	60.64% (2022/23)	➡	Bi-annual	Community Life Survey 2020/21 62%	Q1 2023/24 data available in September 2023
Parliament Street Footfall	6,869,593 (2022/23)	1,848,762 (Q1 2023/24)	➡	Monthly	Not available	Q2 2023/24 data available in October 2023
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						

38. Library Visits – Library visits (to all libraries, including reading cafes) during 2022-23 totalled 864,963, which is a large increase on the visits in the previous two years (617,771 in 2021-22 and 183,706 in 2020-21). This shows a very positive direction of travel. Figures for Q1 2022-23 (240,908) continue this positive trend and are in line with pre-pandemic figures.

Contact details

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Annexes

Annex 1: Children, Culture and Communities Scrutiny Committee Scorecard Q1