

<b>Meeting:</b>	Children, Culture & Communities Scrutiny Committee
<b>Meeting date:</b>	5 December 2023
<b>Report of:</b>	Richard Hartle Head of Children and Education Finance

## 2023/24 Finance and Performance Monitor 2

### 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 September 2023. This is the second report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.
2. The previous monitor report outlined the Council's serious financial position with a forecast overspend for 2023/24 of £11.4m. There has been a small improvement for Monitor 2, with a forecast overspend of £11.1m. However, further mitigation has been identified which has resulted in the net overspend reducing from £2m to £1.1m.
3. This is still a significant overspend that is of serious concern and it remains 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.
4. Given the scale of the forecast overspend, a series of actions was agreed previously 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.
5. At the time of writing this report (mid-October) there has only been a small reduction in the forecast overspend. However, this is because it has been a relatively short period between reports, and it is expected that progress will improve over the coming weeks.

Members should note that, should officers not see the required reductions in spend, further mitigations will be needed, and more stringent cost control measures will be implemented. Executive will be kept updated on the forecast.

## **Benefits and Challenges**

6. 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**

7. 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**

8. 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**

9. 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**

10. The latest forecast is that there will be an overspend of £11m. 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. If we do not start to see an improvement in the forecast, there will need to be further measures implemented to ensure that the required impact is seen by the end of the financial year.

11. 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.
12. 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.
13. 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.
14. 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, are also needed.

A full list of these was included in the monitor 1 report considered by Executive in September.

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.

## Financial Analysis

17. 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. The latest forecasts indicate the Council is facing net financial pressures of £11.1m and an overview of this forecast, on a directorate-by-directorate basis, is outlined in Table 1 below.

Service area	Net budget	2023/24 Gross Forecast Variation	Mitigation	<b>2023/24 Forecast Variation after mitigation</b>
	£'000	£'000	£'000	<b>£'000</b>
Children & Education	25,083	4,637	-910	<b>3,727</b>
Adult Social Care & Integration	45,329	6,688	-3,281	<b>3,407</b>
Place	22,605	-1,223	-140	<b>-1,363</b>
Customers & Communities, Public Health & Corporate Services	26,437	2,000	-1,000	<b>1,000</b>
Central budgets	22,670	-1,000		<b>-1,000</b>
Sub Total		11,102	-5,331	<b>5,771</b>

Contingency	-500		-500	<b>-500</b>
Use of earmarked reserves			-4,250	
Target for further mitigation			-1,021	<b>-1,021</b>
<b>Total including contingency</b>	<b>141,624</b>	<b>11,102</b>	<b>-11,102</b>	<b>nil</b>

## Directorate Analysis

### Children and Education

18. The forecast directorate outturn position is an overspend totalling £4,637k and the table below summarises the latest forecasts by service area.

2023/24 Monitor 1 Variation £000		2023/24 Latest Approved Budget			2023/24 Projected Outturn Variation	
		Gross Spend £000	Income £000	Net Spend £000	£000	%
	<b>Children &amp; Education</b>					
+4,291	Children's Safeguarding	24,036	2,727	21,309	+3,716	+17.4%
+782	Education & Skills	19,643	5,019	14,624	+800	+5.5%
-5	School Funding & Assets	170,894	178,536	-7,642	+82	+1.1%
+6	Director of C&E & Central Budgets	2,788	5,996	-3,208	+39	+1.2%
-500	Mitigations				-910	
<b>+4,574</b>	<b>C&amp;E Directorate Total</b>	<b>217,361</b>	<b>192,278</b>	<b>25,083</b>	<b>+3,727</b>	<b>+14.9%</b>
-34	Culture & Communities	14,761	7,091	7,670	-34	-0.4%
<b>+4,540</b>	<b>CC&amp;C Scrutiny Total</b>	<b>232,122</b>	<b>199,369</b>	<b>32,753</b>	<b>+3,693</b>	<b>+11.3%</b>

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

<b>Mitigations to reduce forecast overspend</b>	
Direct Payments Review	-200
Removal of budget contingency held within service	-100
Use of unallocated budget growth	-50

Grant income received in excess of amounts accrued	-150
Use of Supporting Families Reserve	-100
Redirection of Unspent Grant Monies	-310
Revised position	3,727

19. 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. 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.
20. 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 September it was 256. Placement budgets are predicted to be overspent by a total of £3,010k, 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.
21. In addition, there is a predicted overspend in the Corporate Parenting Staffing Teams of £131k as the staffing budgets make no provision for the extra costs of agency staff. Nearly all the agency staff have now left.
22. An overspend in Disabled Children's Services of £578k is mainly overspends on direct payments. A specific project for reviewing historic direct payments is being investigated, which will clawback some of previous payments made and reduce ongoing costs.
23. Home to School Transport shows a forecast overspend of £644k. 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.

24. Staff resourcing issues and turnover in the SEND Statutory Services Team, and the need to resource this work to progress the Safety Valve targets has resulted in a small number of agency staff being appointed into this team over the period under consideration, resulting in a projected overspend of £118k (a significant improvement on the £405k overspend in 2022/23). The Educational Psychologists Service is predicted to underspend by £60k mainly due to vacancies in the team.
25. The Effectiveness and Achievement Service is predicted to overspend by £104k, mainly due to one-off unexpected expenditure, and also a delay in the implementation of a saving.
26. An overall underspend of £82k is predicted to be achieved within the Virtual School and Inclusion service, due to one-off savings in non-staffing expenditure.
27. 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.
28. 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.
29. 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.
30. 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.

## Performance – Service Delivery

31. 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](http://www.yorkopendata.org.uk)
32. 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.
33. 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.

Health and wellbeing: A health generating city (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Income Deprivation Affecting Children Index (IDACi)	0.12 (2020/21)	0.1 (2021/22)	↓ Good	5 yearly	National Rank 2021/22: 253	2022/23 data available in 2024
Number of children in temporary accommodation - (Snapshot)	59 (Q3 2022/23)	63 (Q4 2022/23)	↑ Bad	Quarterly	Not available	Q1 2023/24 data available in December 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%	2022/23 data available in November 2023
% of reception year children recorded as being overweight (incl. obese) (single year)	21.40% (2019/20)	22.70% (2021/22)	→	Annual	National Data 2021/22 22.25%	2022/23 data available in November 2023
% of adults (aged 16+) that are physically active (150+ moderate intensity equivalent minutes per week, excl. gardening)	66.5% (2021/22)	70.4% (2022/23)	→	Bi-annual	National Data 2022/23 63.1%	2023/24 data available in April 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						



Health and wellbeing: A health generating city (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Number of children in care, excluding Short Breaks - (Snapshot)	263 (Q1 2023/24)	254 (Q2 2023/24)	➡	Quarterly	National Data 2021/22 70	Q3 2023/24 data available in January 2024
Number of children subject to a Child Protection Plan - (Snapshot)	97 (Q1 2023/24)	126 (Q2 2023/24)	➡	Quarterly	National Data 2021/22 42.1	Q3 2023/24 data available in January 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						

## Performance - Health and Wellbeing: A health generating city

34. % of adults that are physically active – The latest data from the Adult Active Lives Survey for the period from mid-November 2021 to mid-November 2022 was published in April 2023. In York, 497 people aged 16-and-over took part in the survey, and they reported higher levels of physical activity, and lower levels of physical inactivity, compared with the national and regional averages. Positively:
- 70% of people in York did more than 150 minutes of physical activity per week compared with 63% nationally and 65% regionally. There has been no significant change in the York value from that 12 months earlier.
  - 20% of people in York did fewer than 30 minutes per week compared with 26% nationally and 23% regionally. There has been no significant change in the York value from that 12 months earlier.
35. Children and young people in care per 10k, excluding short breaks – At the end of September 2023, 254 children and young people were in York’s care. As a rate per 10k population, this is level with the national average. Unaccompanied Asylum Seeking Children (UASC), a sub-group of children in care, are expected to increase in number in York. At the end of September, 16 of York’s children in care were UASC, compared to only 8 in March 2022. The National Transfer Scheme now mandates that “the Home Office will not transfer UASC to an authority that is already 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.
36. Children subject to a Child Protection Plan - 126 children were the subject of a Child Protection Plan at the end of September 2023. Whilst the number of children has increased since last quarter, this

is within York's expected range (111-141 child protection plans) and the range of comparator averages.

Education and Skills: High quality skills and learning for all (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% of working age population qualified - to at least L2 and above	83.6% (2020/21)	87.9% (2021/22)	↑ Good	Annual	National Data 2021/22: 78.20%	2022/23 data available in November 2023
% of working age population qualified - to at least L4 and above	46.4% (2020/21)	59.3% (2021/22)	↑ Good	Annual	National Data 2021/22: 43.50%	2022/23 data 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%	2022/23 data available in November 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						

Education and Skills: High quality skills and learning for all (Council)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% 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%	2022/23 data available in November 2023
Number of children who are eligible for a free school meal in the primary sector (excluding Danesgate) - (Jan Census snapshot)	2,118 (2021/22)	2,197 (2022/23)	→	Annual	Not available	2023/24 data available in March 2024
% of children who are eligible for a free school meal in the primary sector (excluding Danesgate)	15.47% (2021/22)	15.88% (2022/23)	→	Annual	National Data 2022/23 23.99%	2023/24 data available in March 2024
Number of children who are eligible and taking a free school meal in the primary sector (excluding Danesgate) - (Jan Census snapshot)	1,720 (2021/22)	1,760 (2022/23)	→	Annual	Not available	2023/24 data available in March 2024
% of children taking a free school meal in the primary sector (excluding Danesgate) - (Jan Census snapshot)	12.30% (2021/22)	12.72% (2022/23)	→	Annual	Not available	2023/24 data available in March 2024
Number of children who are eligible for a free school meal in the secondary sector (excluding Danesgate) - (Jan Census snapshot)	1,411 (2021/22)	1,621 (2022/23)	→	Annual	Not available	2023/24 data available in March 2024
% of children who are eligible for a free school meal in the secondary sector (excluding Danesgate)	12.60% (2021/22)	14.26% (2022/23)	→	Annual	National Data 2022/23 25.39%	2023/24 data available in March 2024
Number of children who are eligible and taking a free school meal in the secondary sector (excluding Danesgate) - (Jan Census snapshot)	977 (2021/22)	1,159 (2022/23)	→	Annual	Not available	2023/24 data available in March 2024
% of children taking a free school meal in the secondary sector (excluding Danesgate) - (Jan Census snapshot)	8.70% (2021/22)	10.20% (2022/23)	→	Annual	Not available	2023/24 data available in March 2024
Total number of children who have an EHCP (York LA Local Measure) - (Jan Census snapshot)	898 (2021/22)	976 (2022/23)	→	Annual	Not available	2023/24 data available in March 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						

## Performance - Education and Skills: High quality skills and learning for all

37. % of working age population qualified - In 2021-22, 87.9% of the working age population in York were qualified to at least L2 and above (GCSE grades 9-4), which is higher than the national and regional figures (78.2% and 76.4% respectively). This result ranks the city of York first regionally. The 2021-22 figure has increased

from 2020-21 (83.4%). Achieving level 2 is valuable in itself: full level 2 qualification on average results in a 9% increase in earnings.

38. In 2021-22, 59.3% of the working age population in York were qualified to at least L4 and above (certificate of higher education or equivalent), which is higher than the national and regional figures (43.5% and 38.0% respectively). This result ranks the city of York first regionally. The 2021-22 figure is a big increase from 2020-21 (46.4%).

Housing: Increasing the supply of affordable housing (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
Number of homeless households with dependent children in temporary accommodation - (Snapshot)	32 (Q3 2022/23)	35 (Q4 2022/23)	↑ Bad	Quarterly	Not available	Q1 2023/24 data available in December 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						

### Performance - Housing: Increasing the supply of affordable housing

39. Number of homeless households with dependent children in temporary accommodation - The latest available data shows that the number of households with dependent children in temporary accommodation has increased during 2022-23 from 22 at Q1 to 35 at Q4, which is 51% of total households in temporary accommodation. Generally, the households with children rise and fall in line with the total households and there was a peak at the end of 2021-22 where 57% were households with children. Numbers reduced during the height of the pandemic but have since been increasing and are now just above levels seen in the years before the pandemic.
40. The increase in numbers of households in temporary accommodation can also be seen nationally for 2022-23, and when looking at the total number of households in temporary accommodation per households in area (000s), York continues to perform positively compared to benchmarks (0.78 in York compared to 4.35 Nationally, 1.1 Regionally and 16.54 in London). It should be noted that these figures are snapshot figures and therefore may fluctuate between the snapshot dates.

Sustainability: Cutting carbon, enhancing the environment for our future (City)						
	Previous Data	Latest Data	DoT	Frequency	Benchmarks	Data Next Available
% of Talkabout panel satisfied with their local area as a place to live	82.18% (2022/23)	81.44% (Q1 2023/24)	➡	Bi-annual	Community Life Survey 2021/22 76%	Q3 2023/24 data available in February 2024
% of Talkabout panel who give unpaid help to any group, club or organisation	60.64% (2022/23)	61.83% (Q1 2023/24)	➡	Bi-annual	Community Life Survey 2021/22 55%	Q3 2023/24 data available in February 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

## Performance - Sustainability: Cutting carbon, enhancing the environment for our future

41. % of Talkabout panel satisfied with their local area as a place to live - The first biannual resident satisfaction survey taken by the Talkabout panel took place during Q1 2023-24. Results from the Q1 2023-24 Talkabout survey showed that 83% of the panel were satisfied with York as a place to live, and 81% were satisfied with their local area, both consistent with results from Q3 2022-23. A slight decline in satisfaction with the local area can be seen over recent years but York continues to perform well against the latest national figure of 76% (Community Life Survey 2021-22).
42. % of Talkabout panel who give unpaid help to any group, club or organisation - Results from the Q1 2023-24 Talkabout survey found that 62% of panellists had given unpaid help to any group, club or organisation within the last 12 months. This is a slight increase from Q3 2022-23 (61%), and higher than the latest national figure of 55% taken from the government's Community Life Survey 2021-22.

## Contact details

For further information please contact the authors of this Decision Report.

### Author

<b>Name:</b>	Richard Hartle
<b>Job Title:</b>	Head of Children and Education Finance
<b>Service Area:</b>	Finance
<b>Telephone:</b>	Ext 4225
<b>Report approved:</b>	Yes
<b>Date:</b>	3 November 2023

### Co-author

<b>Name:</b>	Ian Cunningham
<b>Job Title:</b>	Head of Business Intelligence
<b>Service Area:</b>	Governance
<b>Telephone:</b>	Ext 5749
<b>Report approved:</b>	Yes
<b>Date:</b>	3 November 2023

## Annexes

**Annex A:** Children, Culture and Communities Scrutiny Committee Scorecard Q2