

Learning & Culture Overview & Scrutiny Committee

19 March 2014

Report of the Director of Children's Services, Education & Skills and the Director of Communities & Neighbourhoods

2013/14 Third Quarter Finance Monitoring Report

Summary

- 1 This report analyses the latest performance for 2013/14 and forecasts the financial outturn position by reference to the service plan and budgets for all of the relevant services falling under the responsibility of the Director of Communities & Neighbourhoods and the Director of Children's Services, Education & Skills.

Financial Analysis

- 2 The services that relate to the Learning & Culture Overview and Scrutiny committee cross two Directorates (Communities and Neighbourhoods and Children's Services, Education & Skills). A summary of the service plan variations is shown at table 1 below.

**Table 1 – Learning & Culture Financial Projections Summary
2013/14 – Quarter 3 - December**

	2013/14 Budget £000	Projected Outturn Variation	
		£000	%
CANS Directorate (Extract)			
Arts & Heritage	2,533	+40	+1.6%
Learning Services	56	+29	+51.8%
Libraries & Archives	2,172	+250	+11.5%
Sport & Active Leisure (Facilities)	543	-18	-3.3%
CANS Directorate (Extract)	5,304	+301	+5.6%
CSES Directorate			
Children's Specialist Services	21,655	+1,362	+6.3%
Education & Skills	6,199	-661	-10.7%
School & Children's Strategy & Planning	6,722	-317	-4.7%

School Funding & Assets	106,653	+300	0.3%
Directorate of CSES General	(6,804)	+165	+2.4%
Children's Services Core Funding	(114,900)	-120	-0.1%
DSG Balance Carried Forward	(400)	-106	+26.5%
CSES Directorate – Net General Fund	19,125	+623	+3.3%
Total Learning & Culture	24,429	+924	+3.8%

- 3 The Communities & Neighbourhoods Directorate is reporting a forecast overspend of £301k. This relates mainly to one off redundancy costs of £206k which are partly offset by savings, mainly in relation to Yearsley pool operating costs.
- 4 The Children's Services, Education & Skills Directorate is reporting net financial pressures of £623k. This is an improvement of £335k compared to the £958k overspend reported at quarter 2.
- 5 Despite a reduction in the number of Looked After Children and a reduction in expenditure of almost £1m compared to 2012/13, the underlying budget pressure from previous years and unachieved budget savings of £700k result in a forecast net overspend of £1,277k within children's social care budgets.
- 6 The Council's Keeping Families Together initiative is continuing to deliver an overall reduction in the number of children in public care. This initiative seeks to safely support more children at home in the care of their parents or extended family members. It also helps those children who are already looked after to move more quickly on to alternative permanent care. To support these arrangements, the Council has developed a 'new deal' for local foster carers to ensure that there is a sufficient supply of high quality local placements available for those children who do need to become looked after.
- 7 The above arrangements have delivered a sustained month on month reduction in the overall number of children who are looked after. Looked After Children numbers have reduced from 243 at the 1st April to 226 at 31 December. The availability of high quality local placements allows young people to be placed close to home and their local schools. These local placements avoids the need for high cost independent placements often far from York.
- 8 Although the numbers of looked after children has decreased significantly, from a high point of 256 in 2012, the reduction in costs has not been at the same rate. This is partly explained by legacy costs including Special Guardianship, Adoption and Residence Order

allowances. In addition some of the looked after children with the most complex needs continue to need highly specialised care which accounts for a significant portion of ongoing care costs.

- 9 Therefore, despite a reduction in expenditure in 2013/14 compared to 2012/13, this budget remains under considerable pressure. The Council is reviewing the most expensive out of city placements to ensure the best value for money is achieved without compromise to quality of care. Further reductions in cost are anticipated as the overall looked after population continues to reduce.
- 10 In light of the pressures being felt within children's social care budgets, strict expenditure controls have been operating across the remainder of the directorate's budgets. This has helped mitigate the overall projected overspend for the directorate. Significant mitigating underspends are projected in the following areas:
 - Integrated Youth Support Service (£150k) – mainly through holding posts vacant as part of the on-going review of these services and reductions in expenditure on operational costs.
 - SEN & Educational Psychology Service (£145k) - from holding the post of Principal Psychologist / Head of SEN vacant and delivering work on SEN reform from within existing resources without the need to spend grant monies.
 - Early Years and Children's Centres (£120k) – holding posts vacant pending further reviews and operational expenditure reductions.
 - School Improvement Service (£114k) – not backfilling the Principal Advisor Secondary post whilst the post holder is acting as AD and additional income from training courses.
 - School Transport (£151k) – savings delivered within the taxi contract in conjunction with the new provider.
- 11 In addition, the Children's Services Management Team are committed to exploring all options for containing remaining expenditure within their budget for 2013/14, and are therefore continuing with the following to further mitigate the current overspend projection:
 - Reviewing the most expensive out of city placements to ensure the best value for money is achieved without compromise to quality of care. Further reductions in cost are anticipated as the overall looked after population continues to reduce.
 - Review all 2014/15 savings proposals with a view to stretching and implementing as many as possible earlier in the 2013/14 financial year.

- Continue to hold recruitment to vacant posts wherever possible and safe to do so.
- 12 Within the Dedicated Schools Grant (DSG) funded budgets a small net overspend of £106k is currently projected. This is mainly as a result of some significant increased costs due to the level of payments required to providers for post 16 high needs pupils under the new DfE funding system introduced from August 2013 (+£618k), offset by savings on the new statutory requirement for 2 year old nursery budget being phased in from September 2013 (-£390k) and a higher than estimated DSG allocation due to increased pupil numbers (-£120k). The resulting DSG deficit will be carried forward to the 2014/15 financial year to be a first call on that year's grant allocation, and therefore won't impact on the General Fund outturn position for the directorate in 2013/14.

Council Plan

- 13 The information included in this report demonstrates progress on achieving the council's corporate priorities for 2011-2015 and in particular; priority 1 'Create jobs and grow the economy'; priority 3 'Build strong communities'; 4 'Protect Vulnerable People'.

Implications

- 14 The financial implications are covered within the main body of the report. There are no significant human resources, equalities, legal, information technology, property or crime & disorder implications arising from this report.

Risk Management

- 15 Children's Social Services budgets are under significant pressure. On going work within the directorate may identify some efficiency savings in services that could be used to offset these cost pressures before the end of the financial year. It will also be important to understand the level of investment needed to hit performance targets and meet rising demand for key statutory services. Managing within the approved budget for 2013/14 is therefore going to be extremely difficult and the management team will continue to review expenditure across the directorate.

Recommendations

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

Reason: To update the committee on the latest financial and performance position for 2013/14.

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Specialist Implications Officer(s) None

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

All

Y

For further information please contact the author of the report

Background Papers

Third finance monitor for 2013/14, Cabinet 11 February 2014

Abbreviations:

DSG Dedicated Schools Grant
CSES Directorate of Children's Services, Education & Skills
CANS Directorate of Communities and Neighbourhoods
DfE Department for Education
SEN Special Educational Needs
AD Assistant Director