

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

5 January 2021

Report of the Corporate Director of People

**2020/21 FINANCE SECOND 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 2

| 2020/21 Quarter 1 Variation £000 | | 2020/21 Latest Approved Budget | | | 2020/21 Projected Outturn Variation | |
|--|--------------------------------|-----------------------------------|----------------|----------------------|--|--------------|
| | | Gross Spend £000 | Income £000 | Net Spend £000 | £000 | % |
| | | | | | | |
| +3,223 | Children's Specialist Services | 21,095 | 1,877 | 19,218 | +4,983 | +25.9 |
| +342 | Communities & Equalities | 9,903 | 4,739 | 5,164 | +164 | +3.2 |
| +1,677 | Education & Skills | 16,885 | 4,942 | 11,943 | +2,097 | +17.6 |
| -1,400 | School Funding & Assets | 133,268 | 141,165 | -7,897 | -1,437 | -18.2 |
| +678 | Central CEC Budgets | 1,679 | 5,996 | -4,317 | +530 | +12.3 |
| -500 | Children's Improvement Funding | | | | -600 | |
| -514 | Covid 19 Funding | | | | -1,192 | |
| -1,500 | Mitigations | | | | -1,950 | |
| +2,006 | Total CEC Directorate | 182,830 | 158,719 | 24,111 | +2,595 | +10.8 |

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

- 3 A net overspend of £2,595k is forecast primarily due to children's social care. The following sections provide more details of the major outturn variations.

Children's Specialist Services (+£4,983k / +25.9%)

- 4 The placements budgets are predicted to overspend by a total of £3,025k in 2020/21. This includes variances of £692k on Fostering (including Independent Fostering Agencies), £461k on adoption and other allowances and £1,128k 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. We have recently had an external review of our multi agency safeguarding hub (the front door to children's social care services) which 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 285 and within the next 3 years 24.8% 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 approximately £1,139k, mainly due to increases in the Court and Child Protection Teams who are dealing with the increase in cases. Legal fees are predicted to overspend by approximately £220k. Children protection numbers, following a recalibration spike, have now returned to national average levels.
- 9 Staffing budgets with Children's Social Work Services are also predicted to overspend by approximately £269k. 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 (+£164k / +3.2%)

- 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 £131k, which will be funded from Covid 19 emergency funding.

Education & Skills (+£2,097k / +17.6%)

- 11 Home to School Transport budgets are currently projected to overspend, although, due to the complications and uncertainties created by the requirements for school transport and social distancing from September, it is extremely difficult to estimate the size of the overspend at this stage. Discussions are currently ongoing with schools and bus and taxi companies about potential arrangements and costs. 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 Councils allocation of this grant is £119k and we are committed to not spend beyond this
- 12 In addition to the effects of Covid-19, the Home to School Transport budget was already in a 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 the likes of York College, Askham Bryan, Choose 2 and Blueberry Academy. The changes in legislation

to allow Education, Health and Care Plans (EHCPs) to ages 19-25, resulting in significantly more students accessing this option, has significantly increased our transport spend accordingly. At this stage an estimate of a £200k overspend has been included in the directorate projection, reflecting the effects of the historic overspend, although this is subject to change as guidelines alter.

- 13 The DSG budgets within Education and Skills are predicted to overspend by £1,876k, mainly due to the high number of Out of Authority placements, which is partially responsible for the deficit position on the DSG.

Schools Funding & Assets (-£1,437 / -18.2%)

- 14 The DSG position at 1st April 2020 was a deficit of £4.865m. Current predictions on High Needs and Central Services Block expenditure indicate that this deficit could grow to £10m 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 and Post 19 provision and the Out of Authority placements highlighted above. We are developing a DSG recovery plan which will provide options to bring this back to a balanced budget over the next 3 years. We are also part of national lobbying for the SEND review to move forward to address the funding gaps in this area which are experienced across the country.

Director of CEC and Central Budgets (+£530 / +12.3%)

- 15 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.

Mitigations

- 16 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.

Council Plan

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

Implications

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

Recommendations

- 19 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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Report
Approved

Date 22 December 2020

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 2 Report, Executive 26 November 2020
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=12407>