

2009/10 SECOND MONITORING REPORT – FINANCE & PERFORMANCE

Summary

- 1 This report analyses the latest performance for 2009/10 and forecasts the outturn position by reference to the service plan, the budget and the performance indicators for all of the services falling under the responsibility of the Director of Learning, Culture & Children's Services.

Finance & Performance Headlines

- 2 The summarised financial headlines for this period are:
 - Net projected General Fund overspend of £1,447K
 - Net projected Dedicated Schools Grant (DSG) overspend of £334k
- 3 The summarised performance headlines for this period are:
 - National Performance Indicators – 52% of NPIs (with data available) are improving, with 59% on target. 50% of the LAA indicators (with data available) are improving and 64% are on track to hit their 2009/10 target.
 - Corporate Health – All Staff sickness levels is performing slightly below last years levels for the same time last year (down over 6% on same period last year Apr to Sept), 2 'Major Injuries' H&S incidences.
 - Corporate Strategy – 1 of the 15 milestone actions has been completed and over three quarters are on track to complete this year. Slippage is now being reported for 3 (20%) of the actions.

Financial Analysis

- 4 Table 1 below summarises the financial projections for the directorate showing the individual figures for each service plan area and analysing the impact on both the General Fund and the DSG accounts. Further detail on the more significant variations is then provided in the following paragraphs, including a separation in to individual Executive Member Portfolios.

Table 1: LCCS Financial Projections 2009/10 - Quarter 2

| Service Plan | 2009/10 Current Approved Budget | | | Variation From Approved Net Budget | | | |
|--|---------------------------------|----------------|--------------------|------------------------------------|-------------|---------------|--------------|
| | Expenditure £000 | Income £000 | Net Budget £000 | General Fund £000 | DSG £000 | Total £000 | % |
| Children & Families | 17,657 | 2,524 | 15,133 | +1,404 | +225 | +1,629 | +10.8% |
| Lifelong Learning and Culture | 16,605 | 6,945 | 9,660 | +407 | - | +407 | +4.2% |
| Partnerships and Early Intervention | 13,477 | 8,861 | 4,616 | -301 | +150 | -151 | -3.3% |
| Resource Management | 12,832 | 4,985 | 7,847 | +653 | - | +653 | +8.3% |
| School Improvement and Staff Development | 10,600 | 6,219 | 4,381 | - | +153 | +153 | +3.5% |
| School Funding and Contracts | 105,897 | 20,209 | 85,688 | - | - | - | 0.0% |
| Dedicated Schools Grant | 161 | 88,026 | -87,865 | - | - | - | 0.0% |
| Directorate Total | 177,229 | 137,769 | 39,460 | +2,163 | +528 | +2,691 | +6.8% |
| Savings Round 1 - Already Identified | | | | -436 | -144 | -580 | |
| Savings Round 2 - New Proposals (at maximum level) | | | | -270 | -50 | -320 | |
| Net Projection | 177,229 | 137,769 | 39,460 | +1,457 | +334 | +1,791 | +4.5% |

'+' indicates an increase in expenditure or a reduction in income

'-' indicates a reduction in expenditure or an increase in income

Children & Young People's Services Portfolio

- 5 Children & Young People's Services is currently forecasting a General Fund overspend of £1,867k which is made up of several significant cost pressures across the service. There are numerous overspends across the statutory children's social care budgets totalling £1,404k (12.6% of the total CSC budget). The vast majority of this is due to the continuing increase in the Looked After Children (LAC) population, up from 166 at March 2008 to 199 at March 2009 and 219 at 30 September 2009, an increase of 32% with no accompanying increase the budget. The directorate has managed to contain the financial increase at a much lower level than the percentage increase in LAC by, in part, continuing the expansion of the local fostering programme and thereby reducing the proportion of LAC placed in more expensive out of city placements.
- 6 Home to School Transport budgets are projecting an overspend of £316k due to increased SEN taxi costs, more LAC (as above), more appeals granted by Members and lower than anticipated savings resulting from the NKA transport review.
- 7 There are unbudgeted net additional costs, estimated at £322k in 2009/10, across all LCCS services following the implementation of the new pay and grading system for Local Government Services (LGS) staff. This is almost entirely due to a significant number of staff now being entitled to additional allowance payments for contracted

shift, evening and weekend working which were all contained within basic pay under the previous pay system.

- 8 Other projected overspends elsewhere across the directorate include shortfalls in fee income in Adult Education (£76k) and the Music Service (£65k), and Youth Service activity that has continued to be undertaken even though the external funding supporting it has now ceased (£39k). This is offset by an underspend of £340k due to the staffing structures supporting the new Integrated Children's Centres not yet being fully recruited to.

Leisure & Culture Portfolio

- 9 There is currently a £296k overspend projected in Leisure & Culture. The Library Service is currently experiencing an expected £92k shortfall in income and additional costs totalling £35k on publicity, IT hardware and licences. Sport & Active Leisure are predicting an £125k overspend, linked in part to shortfalls in income at Edmund Wilson Swimming Pool and increased energy costs due to higher prices for steam and increased electricity usage at Yearsley Swimming Pool.

Dedicated Schools Grant

- 10 In the Dedicated School Grant (DSG) area there is a projected overspend of £528k against a budget of £87,865k. Major variations include; Out of City SEN Placements (+£333k), Nursery Education Grants (+£230k) and Behaviour Support Service (+£153k). These are offset by increased Inter Authority SEN Recoupment Income (-£92k) and Early Years staffing underspends (-£80k).
- 11 Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation. Following the convention used in previous years, the £528k overspend would reduce the level of DSG funding available in 2010/11.

Options For Further Directorate Savings

- 12 One of the key actions that was proposed by LCCS as a response to the current pressures in the Directorate was to undertake a review of the Children's Social Care budgets, to determine how resources were being deployed. Work on this has focused on the number of Looked After Children (LAC) in the authority and how these numbers have moved over the last three years, compared to the budget and actual expenditure. The results of this work have already been reported separately and have served to highlight that, although the number of Looked After Children has risen significantly since 2006, the budget has not been increased in response to this rise. It also shows that the unit cost per child of supporting these children has not increased over this period, and in real terms has probably decreased.
- 13 LCCS budgets are currently projected to overspend by a total of £2,691k (£2,163k within General Fund [GF] services and £528k within Dedicated Schools Grant [DSG] services). In response to this position the directorate has already taken early action to identify one-off in year savings for 2009/10. All Service Managers were required to identify savings totalling 2% of their budgets. This has produced budget savings totalling £480k (£336k GF & £144k DSG) from:

| | GF £000 | DSG £000 | Total £000 |
|--|------------|-------------|---------------|
| Staffing savings & vacancy management measures | 169 | 8 | 177 |
| Reprioritisation of grant funding & expenditure | 75 | 84 | 159 |
| Targeted increases in income from traded services | 28 | 40 | 68 |
| Reduced repairs & maintenance work in the city's parks & open spaces | 28 | | 28 |
| Other cuts in miscellaneous expenditure budgets | 36 | 12 | 48 |
| Total | 336 | 144 | 480 |

- 14 In addition LCCS has gained agreement from the Schools Forum to fund an additional £100k of SEN Transport costs from the Schools Budget. The result of this action is to reduce the net projected overspend for LCCS being reported at quarter 2 down by a total of £580k to £2,111k. (£1,727 GF & £384 DSG).

Options For Further Directorate Savings

- 15 LCCS has now been set an indicative target of finding a further £580k of savings in the remainder of this financial year. Given the known pressures across the two portfolios, and having due regard to all statutory services, any further reduction in the overspend will only be possible by moving to suspend or curtail activity that will impact directly on service delivery. In light of this, the directorate management team (DMT) have proposed a number of further actions that could contribute to a reduction in overall net expenditure from that currently being forecast. Given the nature of these actions it has not been possible to calculate the exact saving that would be generated. All of the actions could have a detrimental impact on service delivery.

a) Revised decision making on high cost child placement and transport arrangements (£25k - £50k).

The directorate delegation scheme will be changed to ensure that all decisions on Independent Fostering Agency (IFA) placements, external special school placements and high cost transport arrangements are only made by the director. Whilst there is no suggestion that the current levels of delegation are contributing to increased costs, this will ensure rigorous and thorough challenge before each placement is confirmed. In addition the director will undertake a full review of all existing external placements to ensure all options for local arrangements have been fully exhausted.

b) Complete recruitment freeze, including temporary, relief, sessional and agency staff (£20k - £40k).

There may need to be some exceptions where for example safeguarding responsibilities could be compromised; where income streams or grant funding would be jeopardised or where the freeze will result in the unacceptable closure of a significant service. Otherwise recruitment would be frozen. All exceptions will have to be approved on an individual basis by a member of the DMT.

c) Expenditure controls on all general office, equipment, training, travel and conference expenditure (£50k - £80k):

- a. Moratorium on the use of taxis for staff travel
- b. Moratorium on all travel and conferences outside of York

- c. Moratorium on the booking of non-CYC venues for meetings etc.
- d. Moratorium on purchasing of all office and IT equipment

Again, there may need to be a small number of specific exceptions but each of these will have to be agreed in advance by the relevant Assistant Director.

d) Further review of grant income (£75k - £100k).

Significant work has already been done to review and reprioritise grant funding and expenditure. This will be continued with a view to maximising the use of new and existing grant streams to support mainstream expenditure areas.

- 14 The above actions could be expected to produce further savings in 2009/10 of between £170k and £270k on general fund services (with a further £30k to £50k within the DSG). This would result in revised projected overspends for the year of:

| | |
|--------------|------------------|
| General Fund | £1,447 to £1,547 |
| DSG | £334k to £354k |

Performance Indicators

- 15 Due to the frequency of collections the majority of PIs are not reported at a quarterly interval and as such this 2nd quarter report will only cover 30% of the PIs, where it is possible there are a small number of annual results given but it needs to be noted that these are estimated and as such will change.
- 16 Overall there are 57 indicators with data available at this point in the year. Of those where comparison is possible, 57% are on track to hit their 2009/10 target and 50% are improving compared to last year's performance.

| | Total reported this month | On target | Improving | Declining | Stable |
|--------------------------------|---------------------------|-------------------|-------------------|-------------------|------------------|
| All Indicators | 57 of 150 (38%) | 30 of 53 (57%) | 28 of 56 (50%) | 21 of 56 (38%) | 7 of 56 (13%) |
| National Indicators | 31 of 87 (36%) | 14 of 29 (48%) | 14 of 30 (47%) | 14 of 30 (47%) | 2 of 30 (7%) |
| LAA/priority Indicators | 3 of 17 (18%) | 0 of 2 (0%) | 0 of 2 (0%) | 2 of 2 (100%) | 0 of 2 (0%) |

Note: Not all NPIs reported can be assessed for improvement (e.g. no 08/09 outturn). Similarly, some do not have targets set for 2009/10 as this is the first year they are being collected.

Performance exceptions

- 17 Due to the high number of PIs LCCS are responsible for, attention is only drawn to the following indicators shown below which are reporting significant performance issues i.e. good improvement, showing a decline in performance or forecasting to fall short of their target, it should be noted that some of these were previously reported as such and some of the detail for those are not shown again, but is available in previous reports.
- 18 In general it must be pointed out that as in many of the social services PIs small cohort can and do distort our results:

Improvements

- NPI 62 - % of children in care having 3 or more moves of placement, is showing continued good performance, and if trends continue could significantly improve on past years performance.
- NPI 103 – Continued exceptional performance in completing final statements of special education need issued within 26 weeks
- LLC17 – Significantly more children taking part in the summer reading, with the highest ever recorded figures.
- CYP10.1 – Greater numbers than expected continue to attend the targeted parenting programmes, and notably fathers' attendance has increased.
- CYPL2 b and c – Increased contacts to the YorOK Index and CAFs completed, due to increased number of trained practitioners, review of integrated working strategy, the YorOK broker pilot, CAF champions and deemed CAF projects.

Decline, unlikely to meet targets

- NPI 45 - of young offenders engaged in suitable education, employment or training aged 10-17 has dropped to 56.9%, this indicator is split into 2 categories: pre- and post-statutory school (SSA) age provision. The provision for school age children is well above target at 78% but the SSA group has suffered recently, achieving 44% in Q1. Recently the post-SSA group has not responded and is now mirroring NPI 117 (overall NEET group) as the recession bites. The post-SSA group is much the larger group and although some targeted work is underway the YOT will press the issue through the NEET strategy arrangements, as this is a wider problem than YOT effectiveness
- NPI 65 - Re-registration of children to the CP (see Qrt. 1 report).
- NPI 67 - CP cases reviews in timescale as slipped this quarter, meaning the 100% target will not be achieved, unfortunately 3 conferences were delayed (out of 64) due to unexpected sicknesses and no substitute was available at such notice.
- NPI 68 - Current trends indicate that this PI will not meet its year end targets of % of referrals to children's social care services going on to initial assessments, it should be noted that this PI was significantly impacted by short term resource issues and it is hoped that by the third quarter improvements will be seen.
 - NPIs 73 & 76: Literacy & numeracy (KS2). (Qrt 1 report)
 - NPI 75: GCSEs. The % of York children achieving 5 or more A*-Cs (Qrt 1 report)
- NPI 111 (LAA local) – Higher than expected first time entrants into the Youth Justice system was recorded in the 1st Qrt, there is no evidence to suggest data quality problems. Therefore seeking advice from NY Police HQ, BCU commander and SYP as to possible explanations.
- NPI 112 (LAA) - Although interim conception rates are showing the lowest recorded for 2 quarters (2008) since 2004, these figures need to be treated with caution as there are marked seasonal variances; it is therefore still suggested that the required reduction cannot be achieved by 2010. (Qrt 1 report)
- NPI 117 (LAA) – Whilst this quarter's performance on NEET is more in line with the profile for this time of year (5.2% compared to 5.1% target), it is unlikely the

yearly target of 3.5% can be achieved in this current economic climate. (Qrt 1 report). It should be noted that we still remain in the top quartile in the PwC benchmark.

- LLC 10 - As per the last report the number of visits to the YORTIME website is unlikely to be achieved. The site has undergone some updating, but it is unlikely that this PI will be brought back on track until the current project is completed to upgrade the current Lifelong Learning and Culture web presence with web2 enabled technology. (Qrt 1 report)
- LLC 16 – The target for new library memberships was based on the phenomenal success of last year during the national year of reading. Since the level of membership is already high (80% compared to 60% nationally) it is unlikely that this level of new memberships can be sustained. Attention will now turn instead to targeting groups at risk of exclusion and to increasing the range and depth of activity of new and long-standing members.

Staff related performance

- 19 Whilst it is noted that the latest sickness stats 3.26fte (Apr to Sep inc) show a better performance than the same time last year (3.49fte), when looking at LCCS (excluding schools). Current stats put LCCS directorate as one of the highest staff turnover rate in the council, significantly more than this time last year, standing at 5.9% compared to 3.14% for the same time last year.

Overview of key projects and actions contained within the Corporate Strategy and CYPP 2009/10

- 20 Reference should be made to the monthly corporate monitor template, but in short we are on track with of 11 of the 15 allocated to LCCS, with 1 already completed. The 3 not on track are:
- Develop and hold a Young Peoples Festival by Dec 2009, involving 90% of cultural agencies - As the LAA bid was unsuccessful we will not be able to meet the stated deadline but work on establishing a Young Peoples Festival task group to try and secure other funding bids in underway, and we will instead revert to the original plan to run events in the summer of 2010, with Parliament street booked for June 2010.
 - Respond positively to the economic downturn by reducing the number of NEETS by targeted interventions with 16-18 year olds and the provision of wider range of qualifications for all by Mar 2010 - Continued contribution from YPS to the broker pilot. NEET strategy action plan approved.
 - Capable Guardians to commission at least 50 restorative justice and young people's service interventions by March 2010 with children at risk of becoming first time offenders: - Recruitment to Capable Guardian development post completed, initial scoping meeting being arranged.
- 21 This DMT meeting monitors progress against the key priorities within the LCCS Directorate Plan, CYPP, and LL&C Plan, at this stage there are a number of problems identified with delayed actions but these are expected to be brought in line by the end of the plan's life and as such there is nothing of major consequence to be reported, it should be noted that these regular DMT performance and financial monitor meetings are well supported by detailed action planning at service manager level should further explanation be needed.

Risks

22 The following risks remain as in the 1st quarter:

- As with any new inspection regime, doubt will surround the outcome of the new 'unannounced inspections', especially as evidence from the first inspections carried out in other authorities as indicated that the bar has been raised in line with the obvious high profile nature 'safeguarding of children' has. We are confident with the new arrangements for Referrals and Assessments now in place of a positive outcome when eventually Ofsted do carry out the new unannounced inspection.
- The new Education White paper may well impact a number of areas within this Directorate e.g. issues of future funding to the LA where the Paper sees the LA as a commissioner and not a provider of services.
- Consequences of schools Ofsted inspections being overly weighted by school attainment results. Some schools may drop down an assessment level as a result of the new regime, which may impact upon future CAA results
- Concerns around ours and schools statutory duties to supply an education service may be under strain should the LA suffer from a Swine Flu. DMT agreed to have a separate meeting to discuss 'emergency planning' options.
- The in-year budget round will have significant implications to LCCS being able to maintain its high performance across all its services.

23 The following risks are new for 2nd 1st quarter:

- 3 members of the Sport & Active Leisure Team have left this quarter following the fall-out of external funding meaning that successful programmes such as "Fit as a Fiddle" – see below – will now cease.
- The number of EAL referrals has risen by 50 this term which has strained resources.

Items worthy of mention in regard to excellent performance recorded this 2nd quarter are:

- New 'interim' A&I arrangements operational from 23.09.09. Multi agency communication has taken place, and electronic 'signposting' from old 4141 number redirecting referrers to new 1900 number.
- Country Classroom now established with positive evaluations of outcomes for first cohort of young people, this initiative has resulted in fewer pupils with SEN being placed in more expensive out of authority provision.
- New targeted programmes have been run including 3 at Oaklands: Bumpercise, Mummy & Buggy, and Buggytone, and the Fit as a Fiddle programme designed to encourage people over 50s to take part in more physical activity, attracted over 100 new participants
- LL&C have been successful in an £80k bid to the Transformation Fund provided by the Department for Business, Innovation and Skills to kick start the "Learning Revolution". The funding will provide a Community Learning Centre in York Explore (taking the total project funding for the latter to close to £1m).

- Cross service working group are planning for a new spring festival that will encompass the spirit of the Lord Mayor's Day parade. Dates agreed 5th and 6th June. This is the start of the programme building to 2012. Walk York 2012 proposal pitched to I Move regional group with encouraging results.
- Major work has been undertaken to prepare for the NEEC 2010 Conference in January next year. All the components are now in place, and the sponsorship targets have been exceeded.
- Network of CAF Champions in partner organisation now established to support their own practitioners in the use of Integrated Working tools and processes to ensure early intervention and prevention.
- Take Part Pathfinder Project, in partnership with Neighbourhood Management Unit to increase the involvement of young people in local democracy, is now in place.
- Contract now signed with new Broadband provider Pinacl – transition underway – new infrastructure for schools to be in place by Sept 2010.
- Completion of Parent and Carers survey to provide LA and school with views about schools – reports provided to schools.
- The new Joseph Rowntree School in on track and on budget to open in February 2010.
- Oaklands Pool (Energise) nearing completion.
- York received excellent results at KS1, KS4 and A levels. All areas improved at KS1 with significant rises of 3% and 4% for reading and writing respectively. At KS4, the percentage increase for 5A*-C was 5% and including English and Maths was 6%. This figure of 60 % for 5A*-C including English and Maths was the highest in the region. Individual schools did very well at A level. However KS2 was disappointing. Although results were above or in-line with national levels the decrease in reading impacted on the overall English and English / Maths figures. However, it was pleasing to see the 1% increase in maths after the dip of 2008. As usual in all Key Stages the City figures mask individual schools' successes and underperformance but the success of Burnholme Community College and York High School deserve particular mention.
- The Community Partnership Project has worked very well in certain areas, engaging parents and members of the community. The Project has also facilitated closer working between different service areas within the Council. Events have been promoted through Your Ward.

Corporate Priorities

- 24 The information included in this report demonstrates progress on achieving the council's corporate strategy (2009-12) and the priorities set out within it.

Implications

- 25 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

- 26 The overall directorate budget is under significant pressure. This is particularly acute within children's social care and home to school transport budgets. The work with Northgate Kendric Ash may identify some efficiency savings in services that could be used to offset these cost pressures but these will not come through to any significant extent in 2009/10. 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 2009/10 is therefore going to be extremely difficult and the management team will continue to review expenditure across the directorate.

Recommendations

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

Reason: To update the committee on the latest finance and performance position for 2009/10.

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**Report
Approved**

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Specialist Implications Officer(s) None

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

All

For further information please contact the author of the report

Background Papers

Second Quarter finance and performance monitor for 2009/10, Executive 22 September 2009

Annexes

None