



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Leeds City Council
Youth Services – Review of costs and cost drivers
March 2009

AUDIT

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1 Executive summary

1.1 Introduction

In the Audit Commission's Value for Money profiles Leeds City Council ('the Council') is shown to be one of the highest spending local authorities in terms of youth services spend per head. When expenditure is compared to performance (Best Value Indicators BV221a and BV221b) the expenditure appears high compared to the performance being achieved. Recent changes to the service, in response to the Government Green Paper: *Youth Matters* and implementation of the Education and Inspection Act 2006, may pose a further risk to the Council, making costs higher and impacting upon the value for money of the service. These changes include the establishment of Integrated Youth Support Services (IYSS).

As a result of the above, we have reviewed Youth Services to investigate the reasons for the position in the Value for Money profiles. This has involved comparing Leeds' Youth Service departmental and central recharges with other councils, where possible, and discussing with officers the costs incurred by the Youth Service.

1.2 Key findings

Leeds City Council's Youth Service undertakes a number of initiatives/pilots, which have been seen as best practice. The introduction of the Breeze Youth Promise and the IYSS should assist the Council in achieving its objectives and its statutory responsibilities under *Youth Matters*. Whilst the Service appears high cost compared to other authorities there are a number of factors which have affected this, which are described in the key findings below. The key findings of this review are:

- Since 2006/07 the performance of Leeds City Council in respect of youth services has increased, whereas the level of spend has remained constant. This indicates that the expenditure incurred has had a positive impact in terms of outcomes. (Section 3.3)
- There are some inconsistencies between councils and their approaches to measuring outcomes for the performance indicators being fed into the value for money profiles. In addition, the Council noted that information derived from the existing management information system (MIS) was not always full or accurate, and therefore was often unreliable. In October 2008 the Council addressed this by implementing a new MIS. Information from the new system is now believed to be more reliable. (Sections 4.4 and 5.4)
- Staff within the Youth Service have a good understanding of their costs and the reasons why they are shown as high compared to other councils. (Section 4.5)
- Youth services are a priority of the Council, as laid out in the Council Plan. This leads to additional resources being channelled to the service. (Section 5.3)

1 Executive summary (continued)

- Previous reviews by Ofsted and PricewaterhouseCoopers have noted that the service is delivered to a high standard and that adequate value for money is provided. (Sections 5.3 and 5.4)
- The Service is currently undergoing changes, which presents a risk to the Council, but also presents opportunities to identify and remove inefficiencies, for example, as a result of duplication of roles. (Section 6.1)

1.3 Key learning points

As Youth Services and the wider Council is undergoing change there are opportunities to implement new practices during this process. In order to assist the Council we have highlighted some key learning points. The key learning points identified are:

- There have been recent changes to the national performance indicators and this has had a resultant impact upon the measures used by Leeds City Council in its performance management arrangements. This coupled with the change in Management Information System within Youth Services, means that it is imperative that the information contained in then new MIS is monitored for reasonableness and that targets are reviewed regularly to ensure that they remain both realistic and challenging.
- There are a number of recharges made to Youth Services, the basis of which is not fully understood in all circumstances, for example, community use of schools. The recharges in respect of departmental and central services were significantly higher than the recharges at another Council we compared Leeds with for 2007/08. The Council needs to ensure that there is a clear rationale for such charges.
- The changes to the service have raised opportunities for eliminating inefficiencies or for enhancing efficiencies. The Service should ensure that this is monitored in terms of the efficiencies identified, the action taken and the impact on the service, for example lower costs, or improved performance as a result of investment in front-line services.

1.4 Way forward

We will discuss the findings of the review with officers to agree an action plan to address the key issues going forward. In addition, we shall continue to work with officers to constructively challenge the delivery of action plans.

2 Introduction

2.1 Background

Leeds City Council's Youth Service aims to support and engage young people (with the priority age range being 13 -19) in most need, living in areas of social deprivation or struggling against discrimination.

The Youth Service uses local area teams providing residential and outdoor activity centres, support for schools activities, individual support and advice/education, amongst others.

In November 2007, the Breeze Youth Promise was launched. This is a set of entitlements for young people in the city of Leeds. This was in response to the Government green paper *Youth Matters*, the Education and Inspections Act 2006 and consultation with young people.

Over recent years the service has been highlighted in the Audit Commission's Value for Money profiles as high spending. Under the Audit Commission Code of Audit Practice we are required to carry out work to evaluate significant risks to the Council. Therefore, we have agreed with Leeds City Council that we will carry out a review, as part of the 2007/08 Audit and Inspection Plan, to provide assurance to the Council on whether Youth Services are delivering value for money.

2.2 Objectives and scope of our review

Our objective is to provide the Council with assurance around the costs and cost drivers of the service and highlighting areas where expenditure is relatively high compared with other councils. The review will consider:

- the information used to derive the Audit Commission's Value for Money profiles, assessing whether there are any anomalies, for example in the coding of expenditure;
- the reasonableness of the costs included in the budget in terms of whether they relate fully to Youth Services;
- comparisons with other local authorities;
- performance management information, to ensure that cost is linked to performance; and
- the arrangements for taking the service forward, in terms of the Integrated Youth Service, and how this could impact on costs.

We will support the Council in exploring the way forward on issues raised.

Our work will take account of any relevant audit work already undertaken by internal and external auditors.

2 Introduction (continued)

2.3 Audit approach

Our approach has been to:

- review key documents, including budget and out-turns for Youth Services, performance indicators and previous reviews of the service;
- review comparative information from other local authorities;
- interview key officers within the accountable body; and
- providing constructive challenge and support.

2.4 Acknowledgements

We would like to take this opportunity to thank all those staff at the Council who have supported this review.

3 Value for Money profiles

3.1 Introduction

This section explains and discusses the Value for Money profiles produced by the Audit Commission and what the profiles show for Youth Services in Leeds.

3.2 Background

Each year the Audit Commission produces Value for Money (VfM) profiles for every local authority. The profiles cover the range of services provided by a Council, for example Social Services, Education, Housing and Culture. The profiles rank authorities against other local authorities under several groupings, the main ones being 'nearest neighbours' and 'authority group'. The 'nearest neighbour' group is based on the Chartered Institute of Public Finance Accountants' (CIPFA) grouping, which groups authorities that have the closest demographic features, such as population size, bandings of population and unemployment rates. The 'authority group' groups authorities based on their type, for example, County Councils, Metropolitan Districts and District Councils. The ranks typically compare expenditure and performance.

The profiles are used to inform the value for money parts of the Use of Resources assessment, which feeds into the Comprehensive Area Assessment (CAA), which has replaced the Comprehensive Performance Assessment (CPA) for the Council.

The Value for Money profiles include information on Youth and Community Services and in particular on Youth Services alone. For the last two year's the information contained in the profiles has included data on performance, which is required to put spend into context.

3.3 Impact of the VfM profiles for Leeds City Council

For the last four years that the VfM profiles have been produced, Leeds City Council has been shown to be in the top quartile of spend for Youth Services. This means that when compared to its nearest neighbours group, Leeds has one of the highest levels of spend per head.

Looking at the level of spend alone does not provide a full picture of whether or not the Council is providing value for money in relation to Youth Services. Value for money considers whether the appropriate outcomes are being achieved for the level of spend incurred. If additional investment is made in a service this should be done in a targeted way, with the intention of a positive impact on the service and outcomes.

3 Value for money profiles (continued)

Performance information has been linked to the spend in the 2007/08 and 2006/07 by using the Best Value Performance Indicators (BVPIs) 221a (Participation in and outcomes from youth work – recorded outcomes) and 221b (Participation in and outcomes from youth work – accredited outcomes). These charts can be seen in appendix 2 to this report.

Analysis of the charts shown in appendix 2 shows that when Leeds' expenditure is compared to the outcomes, expenditure is relatively high compared to the outcomes on the particular measures chosen by the Audit Commission. The charts also show, however, that the performance has improved since 2006/07, whereas expenditure has not changed significantly year on year. This may be an indication that the increased spend has had an impact upon the outcomes achieved.

The next section of this report analyses the costs included in the profiles produced by the Audit Commission and also considers other performance information to assess whether Leeds City Council is achieving value for money.

4 Comparisons with other authorities

4.1 Introduction

This section of the report discusses the information used in the VfM profiles to establish whether the information is comparable.

4.2 Background

The purpose of the VfM profiles is to benchmark councils' performance and spend against that of other councils. This is useful as it allows councils to assess their provision to see how they can achieve better value for money. As a result it is important that councils are compared on a like-for-like basis in order for the benchmarking to be meaningful.

We sought to obtain financial information from other councils to make comparisons with the costs of the Leeds Youth Service. Unfortunately, we were only able to obtain limited comparative information, which has restricted the comparisons we have been able to make, for example in respect of internal recharges.

4.3 Performance indicator definition

The performance measures (BVPI 221a and BVPI 221b) in the VfM profiles are defined by the Audit Commission. This provides the basis upon which councils must record data in relation to the indicator.

Staff within the youth services team informed us, in our discussions with them, that there was an inconsistency in the recording of outcomes across councils in relation to these BVPIs. For example, Leeds City Council may record a group of young people attending a session as one outcome, whereas other councils may count each of the individual young people as individual outcomes. If this was the case this would lead to an inconsistency in the figures being benchmarked.

The BVPIs noted above do have definitions for the recording of information. However, our review of the definitions noted that this could be interpreted in different ways, as can be seen from the example above. Leeds City Council has taken a more conservative approach to counting and recording the outcomes.

BVPIs 221a and 221b have since been removed as the basis of comparison by the Audit Commission. Instead they have been replaced with new indicators covering:

- the number of positive activities for young people, and
- the number of volunteering opportunities available for young people.

4 Comparisons with other authorities (continued)

The Council has decided to continue to measure against the old BVPIs (221a and 221b) at the local level and has adapted the definition for its own purposes. The national targets will be used as the benchmark for each of these indicators. Therefore, these will need to be reviewed on a regular basis to ensure that the targets are realistic, but remain challenging.

Recommendation 1

The Council should review its targets for the adapted BVPIs, on a regular basis, to ensure that they are both realistic and challenging.

4.4 Costs included in Youth Services

The original net budget for Leeds' Youth Service for 2007/08 was £9.92 million. The actual out-turn was well below this budget at £9.55 million. The main reason for this difference in 2007/08 is attributed to the reduction of the recharge for community centres. As a result of the reduction in the recharge the original net budget was revised to £9.53 million.

Staff within the Youth Services department have highlighted a number of areas of expenditure which they feel are attributable to Leeds being shown to be high cost in the Audit Commission's VfM profiles. The main three being:

- the recharge made to the service from the community centres (this problem has now reduced, as the Youth Services department has identified the exact community centres used by the service);
- the community use of schools; and
- the internal recharges for departmental costs and central services, such as finance, human resources and information technology.

The community use of schools is charged to the Youth Service. However, this is not necessarily a youth service, as it is typically groups outside of the age range 13-19 using these facilities. In 2007/08 the total recharge to Youth Services in respect of this usage was £0.66 million, which is a significant proportion (6.9%) of the net spend of Youth Services. Similarly, the internal recharge in respect of central services and departmental charges was £1.08 million in 2007/08, which represented 11.3% of the net spend. Information has been obtained from another council to act as a basis of comparison. The other council's recharge was significantly lower at £0.03m, which represented 1.9% of their net spend. The methodology of the two councils is clearly different. Therefore, the basis on which central and departmental recharges are made at Leeds may be having a significant impact on the costs of the service when compared to other local authorities using different methodologies.

4 Comparisons with other councils

Recommendation 2

The Council should review the basis upon which the central recharges are made to services, to ensure that this remains consistent and appropriate for all services.

Recommendation 3

The Council should undertake a review of the charges to Youth Services of community use of schools, to ensure that the charges relate to Youth Services and are equitable.

4.5 Comparability

As can be seen from sections 4.3 and 4.4, there are constraints in making comparisons with other authorities, as the basis of comparison is not always consistent. However, the VfM profiles are useful in highlighting areas worthy of further scrutiny to allow the Council to assess whether it is achieving value for money from its own perspective. Section five of this report considers value for money of the Youth Service from the perspective of Leeds, taking account of the priorities and other performance measures used.

5 Performance management

5.1 Introduction

This section considers the performance management arrangements in relation to Youth Services and specifically covers:

- the degree of importance that the Youth Service has in relation to the Council's priorities;
- the arrangements in relation to performance management and the measurement of effectiveness; and
- other reviews of the service.

5.2 Background

As noted in the previous sections, the cost of a service cannot be looked at in isolation in considering whether a Council is obtaining value for money. There are a range of factors that need to be considered, such as the level of priority placed on a service in relation to the Council's objectives and priorities and the outcomes for young people.

5.3 Service prioritisation

In addition to its statutory duty to provide the services Leeds City Council has identified Youth Services as a priority. This is documented in the Council Plan 2007/08 under the corporate priority 'our children and young people are happy, healthy, safe, successful and free from the effects of poverty.' When services are priorities of a council it often leads to additional resources being channelled to the service to ensure that desired outcomes are achieved. Therefore, spend may appear higher compared with other councils, as youth services may not be a priority for other councils.

Where additional resources have been channelled in to a priority it is important for the Council to demonstrate that this had led to a desired outcome. Section 5.4 discusses performance information in relation to Leeds City Council.

PricewaterhouseCoopers (PwC) were commissioned to undertake a review of council services, which involved looking at the value and quality of the main services. This review noted that the Youth Service was of high value (a strategic and political priority) to the Council and the Council was above average in its delivery of the service. The strength of the delivery of service was based upon consideration of a number of performance measures.

5 Performance management (continued)

5.4 Performance information and other reviews of Youth Services

As well as national indicators Leeds City Council also has its own performance measures to assess its performance. The targets and performance against those targets are included in the Council Plan. There is a Council Priority Indicator (CPI) in terms of the level of reach into the resident population. The Council exceeded the target of 23% in 2006/07 by achieving 47%. The national benchmark was 25%, therefore the Council was also ahead of the national target. Other core city councils were also working to targets in this range. The Local Key Indicator, participation in youth work, has also been easily achieved in 2006/07, with performance of 25% against a target of 15%. This is also the benchmark for the national indicator. This demonstrates that the Council has exceeded the performance targets set for 2006/07. The expenditure being channelled through as a result of youth services being a priority has had a demonstrated outcome through the CPI.

During our review it was noted that there had been some issues in relation to the management information system (MIS) in terms of the accuracy of the data. Youth Services staff stated that this had resulted in lower performance levels, as some outcomes had not been recorded. Information from the MIS feeds into the performance indicators used to collate the VfM profiles, therefore it is important that this information remains accurate to ensure comparability both to local targets and national targets. Since our review was completed, the Council has implemented a new MIS in October 2008, which is believed to reflect, more fully and accurately, the performance of Youth Services.

Recommendation 4

The Council should monitor the information recorded on the new MIS to sense check the information recorded. This will allow issues with the system to be identified.

During 2006/07, Leeds City Council led initiatives for supporting the personal and social development of young people. This has been recognised as best practice nationally. There are no performance indicators related to this, therefore this is not reflected in the VfM profiles discussed above. However, this is an example of where Leeds have demonstrated high performance in relation to youth services.

5 Performance management

The Ofsted report carried out in 2004, which reported the findings from the review of Youth Services, concluded that 'Leeds City Council provides an adequate service with a balance of strengths and weaknesses. The service uses its resources effectively and provides adequate value for money.' In 2004 Ofsted inspected 31 councils' youth services (including Leeds), of these six were judged to be good, 17 adequate and eight inadequate. In 2005 Ofsted carried out 33 inspections, of these 15 were judged to be good or better.

The Ofsted report at Leeds noted areas for improvement around obtaining greater levels of engagement of young people. Leeds have been working on this since the review and many of the pilots that have been run through Leeds have had this as a focus.

6 The future of Youth Services

6.1 Integrated Youth Support Services

Through the establishment of Integrated Youth Support Services (IYSS), the Youth Service has been undergoing changes over the last 12 months. This is in response to the Youth Matters Green Paper. This has led to the Connexions service being brought into the Council, as opposed to being a separate body and links to the extended schools' activities. There is a requirement to have a cohesive and co-ordinated approach in respect of:

- resourcing;
- planning;
- delivery; and
- performance management.

The components of the IYSS are:

- the Youth Offer (encompassing Leeds Breeze)
- Youth volunteering initiatives
- Youth work
- Information, advice and guidance services (IAG)
- the role of young people
- out of school activities.

The aim of the approach taken by Leeds City Council is to 'streamline infrastructures, tackle areas of duplication and make resultant efficiencies.' The Council should monitor the areas of duplication as they are identified and should monitor what action is taken to eliminate this and what happens with any resultant savings/efficiencies. If efficiencies are achieved this could reduce the cost of the services, which would have a positive impact upon the value for money of the service. For example, there will be one reporting process, which will reduce the amount of time managers spend on completing multiple performance reports. Any savings as a result of this should be monitored.

6 The future of Youth Services (continued)

Recommendation 5

The Council should monitor the areas of duplication as they are identified and should monitor what action is taken to eliminate this and what happens with any resultant savings/efficiencies.

Leeds has started to make progress in respect of IYSS. Leeds has established an Integrated Capital Strategy for Youth Centres, which has been held as a good practice example on the National Youth Agency website. The IYSS is working in partnership with other Council departments and the third sector to establish quality youth centres across the city. This partnership working will be instrumental in achieving a cohesive and co-ordinated approach to Youth Matters.



Appendix 1

Recommendations and Action Plan

Recommendations and action plan

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
Recommendation			Priority	Management response	Responsibility and timescale
1	The Council should review its targets for the adapted BVPIs, on a regular basis, to ensure that they are both realistic and challenging.	*	<ul style="list-style-type: none"> ➤ Targets have been reviewed and adjusted for 2009/10. Account has been taken of previous achievements, of the need to be both realistic and challenging, and of the views of Leeds Youth Work Partnership. 	JP. By 31/3/09 and then annually.	
2	The Council should review the basis upon which the central recharges are made to services, to ensure that this remains consistent and appropriate for all services.	**	<ul style="list-style-type: none"> ➤ The Council has already decided to review all central recharges in order to simplify the processes, improve consistency and increase transparency and budget holder understanding. 	NW & Corporate Financial Management By 31/3/10	
3	The Council should undertake a review of the charges to Youth Services of community use of schools, to ensure that the charges relate to Youth Services and are equitable.	**	<ul style="list-style-type: none"> ➤ The Council announced as part of its annual budget proposals its intention to review its policy for charging for the Community Use of Schools facilities. The intention is that any changes be implemented with effect from September 2009 	DJM By September 2009	

Recommendations and action plan (continued)

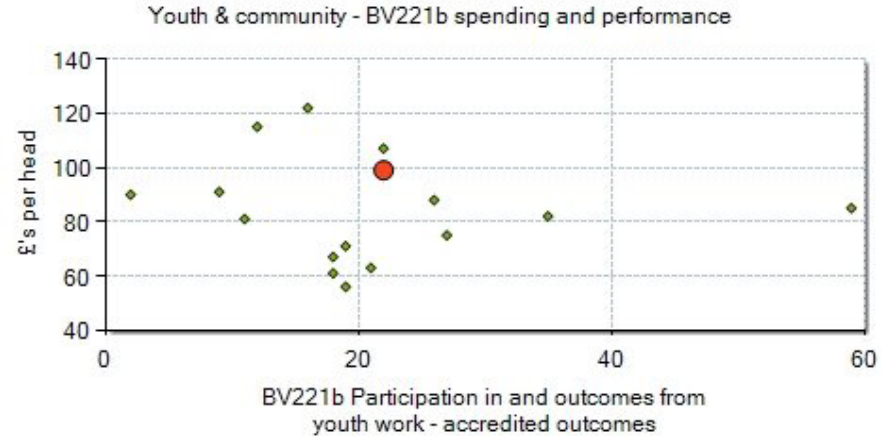
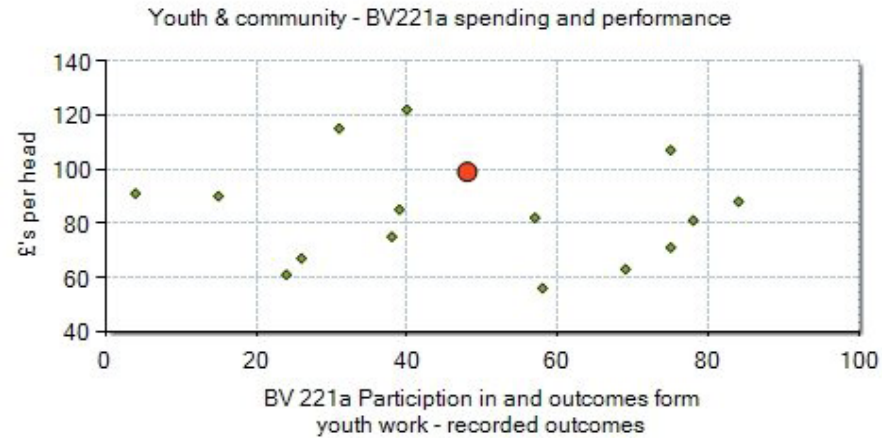
***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
Recommendation			Priority	Management response	Responsibility and timescale
4	The Council should monitor the information recorded on the new MIS to sense check the information recorded. This will allow issues with the system to be identified.	**	<ul style="list-style-type: none"> ➤ A Project Board has overseen the full introduction of the new Outreach system and has operated to the Council's Delivering Successful Change approach. The new system is functional and is enabling IYSS to report accurate and fuller outputs for all performance indicators. Two successful business cases for required resources have been pivotal. 	GH. By 31/12/08 and regular review thereafter.	
5	The Council should monitor the areas of duplication as they are identified and should monitor what action is taken to eliminate this and what happens with any resultant savings/efficiencies.	**	<ul style="list-style-type: none"> ➤ New appointments of contract managers have been made as part of the IYSS Central team. This will enable IYSS to be more thorough in identifying any duplication of resource allocations and/or service delivery. IYSS is also part of the wider Joint Preventative Commissioning Panel arrangements. 	GH. New arrangements in place as from March 2009.	



Appendix 2

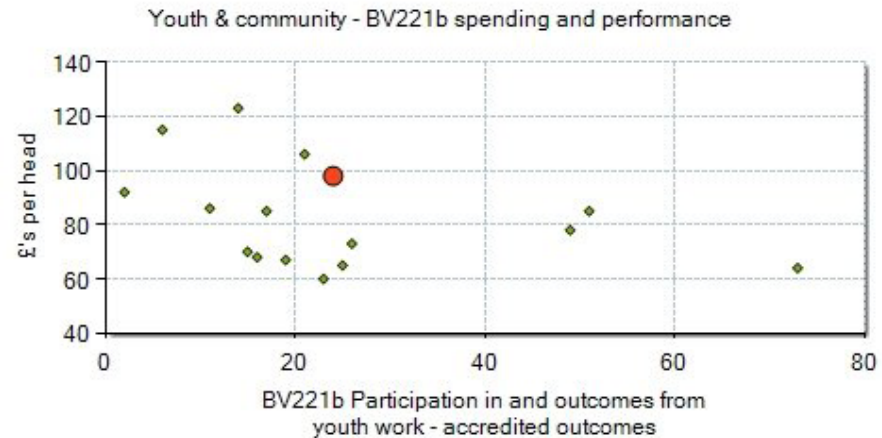
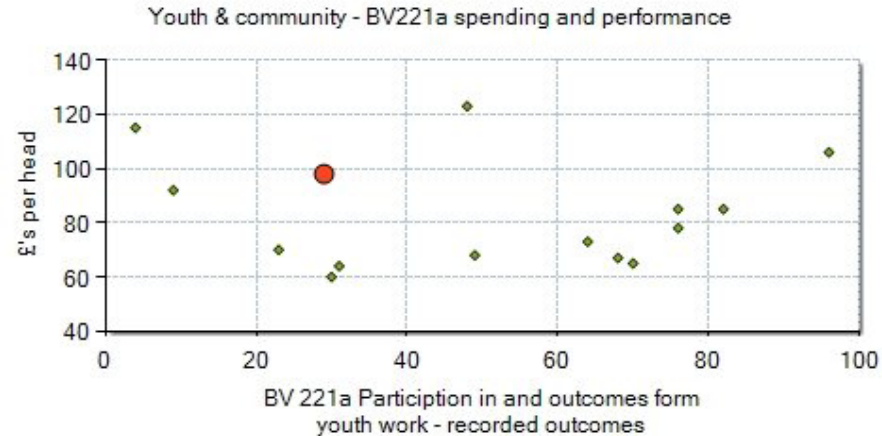
Value for Money Profiles 2007/08 and 2006/07

Value for Money profiles 2007/08



Source: Audit Commission Value for Money Profile report, Children's Services, 2007/08 (revised April 2008)

Value for Money profiles 2006/07 (continued)



Source: Audit Commission Value for Money Profile report, Children's Services, 2006/07 (revised April 2008)