

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR CHILDREN'S SERVICES

10 November 2015

**Joint Report of the Strategic Director for Children's Services
and the Director of Finance**

CHILDREN'S SERVICES (formerly CAYA) SERVICE SPENDING 2015/16

1 Purpose of the Report

To inform the Cabinet Member of the results of the latest Children's Services service budget monitoring and to highlight major variances.

To inform the Cabinet Member of progress on delivery of budget reductions.

To inform the Cabinet Member of the projected year end earmarked reserves balances taking into account anticipated drawdowns and additions during the year.

2. Information and Analysis

2.1 General

This report provides an analysis of the latest forecast year end position for 2015/16 based on income and expenditure up to the end of August 2015.

The current forecast year end position for Children's Services' expenditure funded by the Council is an overspend of £4.041 million. A number of actions are in place to minimise any overspend. Any shortfall in closing the gap will be met by the use of Children's Services' earmarked reserves. The department is committed to implementing the budget reductions agreed by Council so that it does not need to rely on one-off sources of funding.

The Dedicated Schools Grant is projected to underspend by £2.946 million and the underspend is permitted to be carried forward for future years and used in accordance with the School Finance Regulations applying in future years..

A breakdown by service area is attached as Appendix 1.

2.2 Dedicated Schools Grant (DSG)

The changes in schools' funding mean that there are now very few central budgets maintained by the Authority. The Authority retains control over spending on children and young people with additional educational needs in schools (including academies and independent/non maintained sector as well as maintained schools) and the support services that work with those pupils.

The expenditure against the Dedicated Schools Grant is projected to be £458.372 million against a grant of £461.318 million (before adjustment for academy conversions post 1 September 2015), an underspend of £2.946 million.

The reasons for the underspend are:

- Adjustment to the 2015/16 DSG for Early Years spend during 2014/15 £0.322 million
The DfE makes an adjustment each year to reflect the actual numbers of children receiving the free early years entitlement of 15 hours in the preceding year.
- Allocation for Unifi £0.500 million
Although an allocation for this has been made for 2015/16, there are currently no plans in place for expenditure in this year.
- Primary KS1 class size funding £0.674 million
Schools Forum has agreed to a change in the support provided to schools with additional KS1 classes from September 2015 and it is estimated that spend will be reduced as a result.
- Re-pooled budgets £0.268 million
This underspend is mainly on contingency payments to secondary schools. Any unspent balance on these budgets must be held to fund the 2016/17 pooled budget or returned to schools.
- Early Years PVI places £0.850 million
The number and expenditure on 3 and 4 year olds attending PVI settings is now expected to be lower than anticipated when the budgets were allocated.
- Unallocated DSG of £0.359 million as a result of rates adjustments for schools converting to academy status and changes to the estimated High Needs block recoupment by the EFA

The above underspends are offset by a projected overspends of £0.125 million on top-ups for children with additional needs in primary schools and £0.147 million for SEN placements out of county.

2.3 Children's Services Budgets

The forecast overspend is £4.041 million which is net of the approved use of reserves to cover known delays in the achievement of specific budget reductions advised to Cabinet 5 May 2015.

The forecast spend assumes that the numbers of children in care remain unchanged and that staff remain in post until the end of the financial year unless it is already known that they are leaving.

Changes to either of these assumptions will affect the projected overspend and based on the level of staff turnover seen in previous years, a reduction in the overspend of between £0.800 million and £1.6000 million could occur due to vacancies arising in year. The Children's Services Senior Management Team is responsible for approving recruitment to every vacancy that arises within Children's Services to ensure savings are made wherever possible taking into consideration the need to maintain services.

Further actions that are being taken by officers include:

- Actions to increase income to Children's Services and maximising the use of other grants such as funding for adoption and funding available from Public Health
- A determined focus and challenge to all expenditure by senior managers within Children's Services with a comprehensive review of all discretionary spend.

Should the expenditure be above budget by the end of 2015/16, Children's Services will draw down from its earmarked reserve of prior year underspends to provide the additional resources. The available balance of that reserve after covering the 2015-16 projected overspend is estimated at £3.692 million.

The performance of the department against the allocated budget and the main reasons for the overspend are detailed below:

<u>Budget Reductions still to be achieved</u>	£0.769 million overspend
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Progress continues to be made in ensuring that there is an achievable plan in place such that the department can deliver agreed services within its allocated budget as soon as possible.

<u>Aftercare</u>	£0.401 million overspend
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New contracts for accommodation for care leavers have been established however the provision from those contracts is below what was expected leading to a continuing level of spot-purchased accommodation and an overall increase in cost. The projected overspend has improved as the opening of an accommodation hub has been delayed until 2016/17.

Placement costs

£1.792 million overspend

There has been an increase in the volume and cost of external residential placements charged to the Authority in recent months and this is a major contributor to placement costs being projected to be £1.792 million above budget.

Special Guardianship

£0.582 million overspend

The net increase in the number of arrangements over 2014/15 is the cause of the overspend against budget.

Advisory Service

£0.257 million overspend

The spend is above budget due to the size of the service being maintained to support schools. This is being covered by an allocation from Children's Services reserves as the implementation of the budget reductions has been deferred until September 2016.

Disabled Children – Short breaks

£1.004 million overspend

Budget reductions to the allocation for short break provision are dependent on the outcome of current consultations. In addition, demand for grants has increased which is thought to be as a result of increased awareness due to the consultations

Unaccompanied Asylum Seeking Children £0.243 million overspend

The number of children which require a placement has increased and recovery of this expenditure from the Home Office is capped below the level of spend incurred. This overspend is therefore the net cost borne by the authority.

0-19 Multi Agency Teams and Children's Centres £0.591 million overspend

These services are overspent against the budget as only a part year impact of the management restructure will be delivered in 2015/16. Savings from closing children's centres and reducing the opening hours of other centres will not be realised until 2016/17. The delay in the full achievement of these budget reductions is being covered by an allocation from Children's Services reserves.

2.4 Children's Services Earmarked Reserves

The projected end year position of the Children's Services earmarked reserves is shown in Appendix 2 and predicts a closing balance of £16.866 million excluding reserves which are out of Children's Services' control and the DSG, a net reduction of £8.932 million.

Within this, £3.692 million is the balance of the prior years' underspend net of the 2015-16 projected overspend which the department intends to use in future financial years to manage the impact of budget reductions.

A further £1.214 million is being held to fund the implementation of SEN and Disability reforms and the transition to new Education, Health and Care plans for children and young people up to the age of 25 who have high levels of additional need.

Reward grant income of £4.757 million from the Troubled Families initiative is being held with the intention of supporting the Early Help service over the next three years to continue its work with troubled families.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, human resources, legal & human rights, environmental, health, property and transport considerations.

4. Key Decision?

No.

5. Background Papers

Budget monitoring files held in Children's Services Accountancy.

6. Officers' Recommendations

That the Cabinet Member notes the outcome of the latest budget and earmarked reserves monitoring for 2015-16.

IAN JOHNSON
Strategic Director for Children's Services
PETER HANDFORD
Director of Finance

	Full year budget 2015/16 £000s	Forecast year end actual 2015/16 £000s	Forecast year end (Under)/Over 2015/16 £000s
Budget reductions unapplied	-769	0	769
Grants & funding from Dedicated Schools Grant	-18,995	-19,100	-105
Pension Commitments from previous years	5,831	5,756	-75
SMT & Resources	3,892	3,784	-108
Safeguarding Specialist Services	50,653	54,280	3,627
Schools & Learning including Sport & Outdoor	25,810	26,095	285
Performance & Quality	15,933	16,108	175
Universal & Targeted Services	22,770	22,243	-527
TOTAL	105,125	109,166	4,041

Children's Services Reserves projected 31/03/2016**(excluding Dedicated Schools Grant)**

	Opening Balance 01/4/2015 £000s	Increase / (Decrease) £000s	Projected Closing Balance 31/3/2016 £000s
Complex Case Pooled Budget	864	-864	0
Transition to new resource model	0	980	980
Support for School Improvement Service	0	222	222
Hardship grants – Denominational transport	100	-100	0
IT Equipment – Foster Carers	137	-30	107
Special Schools Sickness Pool Premium Reserve	57	-57	0
Primary Teachers Sickness Pooled Premium Reserve	580	0	580
Primary Non Teachers Sickness Pooled Premium Reserve	21	1	22
Primary SEN Teaching Assistant Sickness Pooled Premium Reserve	57	-57	0
Foster Carer Adaptations	681	-100	581
Single Children's System	1,353	0	1,353
Equipment maintenance and replacement reserve – Lea Green/White Hall	131	1	132
YPLA threshold funding	690	0	690
Teaching Assistant funding pre statement	63	-7	56
Further education funding for children in care	10	-4	6
2 yr old places (capital)	2,563	-1,075	1,488
Staying Put	70	-70	0
Social Worker Training - Systemic Practice	250	-250	0
Higher Education of Children in Care	122	0	122
Catering – urgent Health & Safety issues	163	-163	0
Multi-Systemic therapy pilot	384	-283	101
Family Literacy	66	-66	0
Unifi	741	-489	252
Gamesley Community	15	-15	0
PC/Laptop replacement	132	-132	0
HR Single Status in schools team	110	-110	0
Breakfast Clubs	65	-65	0

	Opening Balance 01/4/2015 £000s	Increase / (Decrease) £000s	Projected Closing Balance 31/3/2016 £000s
Catering – online payments	100	-100	0
Children’s Homes Amenity Funds	2	0	2
Citizens Advice	0	239	239
District Youth Club Funds	73	0	73
Eckington Youth Club – Capital grant	70	-70	0
Support & Aspiration project	1,608	-394	1,214
Prior Year underspend	9,951	-6,259	3,692
Schools Extranet	82	-41	41
Supporting various music grant bids	12	-2	10
Virtual School – Assistant Head - Innovations	202	-56	146
Troubled Families – reward grant	4,217	540	4,757
Every Child a Talker	56	-56	0
TOTAL	25,798	-8,932	16,866