

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR YOUNG PEOPLE

3 October 2017

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

CHILDREN'S SERVICES SPENDING 2017/18

1 Purpose of the Report

To inform the Cabinet Member of the results of the initial Children's Services budget monitoring for 2017/18 and to highlight major variances.

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

2. Information and Analysis

2.1 General

This report provides an analysis of the latest forecast year-end position for 2017-18 based on income and expenditure up to the end of May 2017.

The current forecast year-end position for Children's Services expenditure funded by the Council is an overspend of £5.040 million. The residual Children's Services prior year underspend is able to contribute £2.154 million towards this overspend leaving £2.886 million to be met from the Council's general reserve. The department is committed to implementing the budget reductions agreed by Council and will continue to control spend by other measures such as vacancy control. However, increases in demand for statutory services have exceeded the capacity of the current Children's Services budget for some years.

A breakdown by service area is attached as Appendix 1.

2.2 Children's Services Budgets – major variances

The forecast overspend is £5.040 million which 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.

In addition to strict vacancy control measures, actions that are being taken by officers include:

- Delivery of budget reductions when agreed by Cabinet.
- Increasing income to Children's Services by trading and maximising the use of other grants such as funding for adoption and assistance to troubled families
- A determined focus and challenge to all expenditure by senior managers within Children's Services with a comprehensive review of all spend.

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

Budget Reductions still to be achieved £0.878 million overspend

Unallocated ongoing budget reductions in 2017/18 are £3.184 million which is being offset during the year since not all the 2017/18 growth allocation made to Children's Services will be spent in 2017/18. The unallocated budget reductions will increase to £6.677 million for 2018/19. This is because a one-off budget allocation of £3.493 million has been made for 2017/18 to cover the gap between the budget reduction allocated to Children's Services and the total budget reductions which have been identified.

Finance/HR/Information & ICT/Business Services £0.476 million underspend

Non front-line services are collectively underspent due to vacancies being held where possible.

Allocations from Grants £0.449 million overspend

The overspend is due to a shortfall in the re-pooling of contributions from schools and academies towards the Early Help offer. This is net of one-off budget support of £1.200 million to cover the early years element of the total contribution which was not agreed by School Forum. Now that schools have made decisions on re-pooling funds, the department is working on reshaping services in line with the level of available resources.

Child Protection £0.183 million overspend

The number of children with a child protection plan and the number of referrals of children has increased the workload of the service leading to additional staff being employed to meet safe working standards.

Early Help & Safeguarding

£7.070 million overspend

Demand for statutory services has been increasing over several years and the gap between the budget allocated and the amount required to be spent to deliver safe services has been growing. Reasons for this include:

- Increased numbers of children in care
- Increased numbers of referrals
- Increased complexity and number of care proceedings
- Increased number of placements required for children with complex and more severe needs.
- Greater number of children living with family members but financially supported by the Authority.
- Staff turnover leading to increased use of more expensive agency staff to ensure safe caseloads are maintained

Budget reductions have been applied to the service predicated on being able to reduce the demand for provision. With the increase in demand, this has exacerbated the overspend. In addition, support from Public Health of £0.946 million towards the operation of Children's Centres was withdrawn following a reduction to that grant, a corresponding reduction in spend on Children's Centres driven by that decision has not yet been made.

This overspend is net of underspends of £1.258 million across Multi-agency team workers, Children's Centre staff and Youth workers where vacancies are unfilled.

Advisory Service

£1.163 million overspend

The budget for the service has been reduced and the service will be supported by grant income and traded income in future. The service is anticipated to overspend as working practices change and schools adjust to the provision of a traded offer. This overspend is being covered by an earmarked reserve and use of that reserve has already been reflected in the department's projected total overspend of £5.040 million.

Capital Adjustment

£0.671 million underspend

During 2016/17, reconciliation of capital allocations to projects was initiated and an overspend of £0.671 million was identified by the end of the year. This was funded by Children's Services revenue account. During 2017/18, it is anticipated that the full reconciliation will be concluded and that funds will be identified from underspending capital projects to be returned to Children's Services.

2.3 Unaccompanied Asylum Seeking Children (UASC)

The current projected expenditure on Unaccompanied Asylum Seeking Children is £0.519 million, net of grant funding from the Home Office. This is within the current budget allocation. The number of Unaccompanied Asylum Seeking Children (UASC) supported by the Council as at August 2017 is 32, of which 15 have transferred to Derbyshire from other local authorities or direct from Calais. The UASC Social Work team still have case-holding responsibility for former UASC who have reached the age of 18 but who do not yet have long-term asylum status. The Dubs scheme, which will move young people direct from camps in Europe, is expected to commence within the next two months.

2.4 Dedicated Schools Grant

The projected outturn for the Dedicated Schools Grant is an underspend of £0.106 million. This includes a projected overspend of £0.186 million relating to local authority schools' re-pooled budgets. It is intended that this will be covered from the accumulated underspend of those budgets from previous years, subject to the approval of Schools Forum. The £0.292 million projected underspend across other budgets has arisen in the following areas.

Early Years expenditure is projected to exceed the grant allocated by £0.595 million due to increased numbers of 2, 3 and 4 year olds accessing provision with PVI providers. The DfE have a mechanism for adjusting funding based on take-up which may result in this shortfall being corrected in 2018/19.

The High Needs block is projected to underspend by £0.931 million. Overall, centrally provided services are projected to overspend by £0.036 million whilst top-ups for pupils are projected to be below budget by £0.368 million. The residual unallocated budget set aside for in-year and future pressures is projected to underspend by £0.599 million.

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, social value, environmental, health, property and transport considerations.

4. Key Decision?

No.

5. Background Papers

Budget monitoring files held in Children's Services Accountancy.

6. Officer's Recommendations

That the Cabinet Member notes the outcome of the initial budget monitoring for 2017/18.

JANE PARFREMENT
Strategic Director for Children's Services

PETER HANDFORD
Director of Finance and ICT

Children's Services - Financial Monitoring (spend to end May 2017)**Appendix 1**

	Full year budget 2017/18 £ million	Forecast year end actual 2017/18 £ million	Forecast year end (Under)/Over spend 2017/18 £ million
Budget reductions unapplied	0.208	-0.670	-0.878
Grants & funding from Dedicated Schools Grant	-19.125	-18.729	0.396
Pension Commitments from previous years & redundancy costs	5.129	5.037	-0.092
SMT & Resources	2.941	2.911	-0.030
Safeguarding & Early Help	69.363	76.433	7.070
Schools & Learning	25.183	26.651	1.468
Performance, Quality & Partnerships	7.129	7.091	-0.038
Countywide Commissioning	2.858	2.797	-0.061
Use of reserves	1.964	0.000	-1.964
Temporary savings identified at start of year	0.671	-0.160	-0.831
TOTAL	96.321	101.361	5.040