

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR YOUNG PEOPLE

5 December 2017

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

CHILDREN'S SERVICES SPENDING 2017/18

1 Purpose of the Report

To inform the Cabinet Member of the results of the latest 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 prepared during October 2017.

The current forecast year-end position for Children's Services expenditure funded by the Council is an overspend of £6.441 million, an increase of £0.535 million from the previous reported projection due to a further increase in the expenditure pressures driven by increased numbers of children in care and children in need.

The residual Children's Services prior year underspend is able to contribute £2.053 million towards this overspend leaving £4.388 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 £6.441 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:

Early Help & Safeguarding

£7.520 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 will be looked at within the 0-5 review taking place.

This overspend is net of projected underspends of £1.692 million across Multi-agency team workers, Children's Centre staff and Youth workers where vacancies are unfilled.

The projected overspend has increased since the previous report due to an increase in the number of children being cared for in independent fostering placements and an increase in projected court and legal fees due to the increases in number and complexity of court proceedings. This is partially offset by a reduction in projected residential placement costs which is due to the transfer of a placement to be funded from the pooled budget contributed to by the CCGs and the Dedicated Schools Grant.

Child Protection

£0.147 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. The projected overspend has reduced since the previous report.

Advisory Service

£0.889 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 £6.441 million.

Finance/HR/Information & ICT/Business Services £0.811 million underspend

Non front-line services are collectively underspent due to vacancies being held where possible. The projected underspend has increased since the previous report.

Budget Reductions still to be achieved

£0.028 million overspend

Unallocated ongoing budget reductions in 2017/18 are £3.184 million which is being offset during the year since not all of 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.

Allocations from Grants

£0.185 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 Schools 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. The projected overspend has increased since the previous report since some DSG grant has been reallocated towards costs incurred within the School Advisory Service.

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 Progress on delivery of budget reductions

Children's Services was allocated budget reductions of £9.656 million for 2017/18 of which £3.493 million has been abated for one year with a one-off budget allocation.

Of the £6.163 million budget reductions to be delivered in 2017/18, it is estimated that £4.623 million has been achieved. This does not take account of any additional unfunded pressures on the Children's Services that have continued to emerge during 2017/18 and therefore erode the impact of the budget reductions that have been achieved. All but £0.188 million of the remaining reductions are expected to be achieved during 2018-19.

Although some further budget reductions have been identified for future years and detailed in the report to Cabinet 'Revised Budget 2017-18 and Five-year Financial Plan', it has not been determined whether these are to be set against bringing the Children's Services department spend back in line with budget or the remaining £3.493 million of budget reductions for 2017-18 that have been abated for one year or against any future budget reductions to be allocated to the department as part of the Authority's 2018-19 budget setting.

2.4 Unaccompanied Asylum Seeking Children (UASC)

The current projected expenditure on Unaccompanied Asylum-Seeking Children is £0.367 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 end September 2017 is 29, of which 20 have transferred to Derbyshire from other local authorities or direct from abroad. The UASC Social Work team retain case-holding responsibility for former UASC who have reached the age of 18 and beyond but who do not yet have long-term asylum status. For some this can entail significant costs. The Dubs scheme, which will move young people direct from camps in Europe, is expected to re-commence later this year. Recent analysis across the East Midlands has shown that present Home Office funding levels

cover just over half (54.8%) of the average costs incurred by local authorities in our region.

2.5 Dedicated Schools Grant

The projected outturn for the Dedicated Schools Grant is an overspend of £0.214 million. This includes a projected overspend of £0.225 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 £0.009 million projected underspend across other budgets has arisen in the following areas.

Early Years expenditure is projected to be below the grant allocated by £0.545 million due to fewer 2, 3 and 4 year-olds accessing provision with PVI providers than the Authority has been funded for. The DfE has a mechanism for adjusting funding based on actual take-up which is likely to result in this surplus being clawed back in 2018/19.

The High Needs block is projected to overspend by £0.910 million. Overall, centrally-provided services are projected to underspend by £0.051 million whilst top-ups for pupils are projected to be above budget by £1.530 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 latest budget monitoring for 2017/18, and that progress on delivery of budget reductions is noted.

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Director of Finance & ICT

	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	-0.793	-0.766	0.027
Grants & funding from Dedicated Schools Grant	-21.240	-21.108	0.132
Pension Commitments from previous years & redundancy costs	5.129	5.171	0.042
SMT & Resources	3.034	2.827	-0.207
Safeguarding & Early Help	70.356	77.876	7.52
Schools & Learning	25.546	26.525	0.979
Performance, Quality & Partnerships	6.95	6.657	-0.293
Countywide Commissioning	2.864	2.794	-0.07
Use of reserves	1.018	0	-1.018
Temporary savings identified at start of year	0.671	0	-0.671
TOTAL	93.535	99.976	6.441