

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR YOUNG PEOPLE

3 April 2018

**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 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.

To inform the Cabinet Member of the results of the latest projections of expenditure and income for the Dedicated Schools Grant for 2017/18 and to highlight major variances.

2. Information and Analysis

2.1 General

This report provides an analysis of the latest forecast year-end position for 2017-18 prepared during January 2018.

The current forecast year-end position for Children's Services expenditure funded by the Council is an overspend of £5.845 million, an improvement of £0.993 million from the previous reported projection. The improvement is due to a release of provisions made at the end of 2016/17 for expected invoices in respect of Home to School Transport, recovery of the costs of placements in Derbyshire's own provision from the pooled budget with the CCGs and continued vacancy control within Early Help teams. Offsetting these improvements are continued increases in expenditure on placements driven mainly 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 £3.792 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. Increases in demand for statutory services have exceeded the capacity of the current Children's Services budget for some years and the recent approval of significant additional funding by Council will ensure that expenditure for 2018/19 will be within budget.

A breakdown by service area is attached as Appendix 1.

2.2 Children's Services Budgets – major variances

The forecast overspend is £5.845 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

£7.260 million overspend

The overspend is due to:

- 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.
- A greater number of children living with family members but financially supported by the Authority.
- Although reducing, use of more expensive agency staff to ensure safe caseloads are maintained has been a contributory factor to the overspend in 2017/18.

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.

This overspend is net of projected underspends of £2.027 million across Multi-agency team workers, Children's Centre staff and Youth workers where

vacancies are unfilled. The projected underspends have increased by £0.215 million since the previous report.

Child Protection

£0.227 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. Additional resources for Child Protection have been allocated by Council as part of the 2018-19 budget.

Advisory Service

£0.584 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 £5.845 million.

Home to School Transport – SEN and Post-16

£0.181 million overspend

In recent years, expenditure on transport of pupils to Derbyshire Special Schools has been increasing due to both the number of children and the more specialised nature of the transport to meet their travelling needs. For 2017/18, an increase is also projected on transport to Special Schools provided by other local authorities. The overspend above is net of £0.359 million benefit due to the release in 2017/18 of provisions for expenditure which is not now expected to be paid.

Finance/HR/Information & ICT/Business Services £1.164 million underspend

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

Budget Reductions still to be achieved

£0.366 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.

Allocations from Grants

£0.089 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.

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, the full reconciliation has been concluded and the funds have been returned to Children's Services.

Catering Service

£0.227 million underspend

The service is now projecting an increased contribution compared to that previously reported due mainly to higher sales in Secondary Schools than projected in the plan. Although an underspend is projected for 2017/18, the service is anticipating increased food costs and wages in 2018/19 which will erode this.

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. All but £0.188 million of the remaining reductions are expected to be achieved during 2018/19.

2.4 Unaccompanied Asylum-Seeking Children (UASC)

The current projected expenditure on Unaccompanied Asylum-Seeking Children placements is £0.287 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 February 2018 is 31. 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.

2.5 Dedicated Schools Grant

Overall, expenditure of £420.130 million is projected against a grant of £415.725 million plus use of previous years' unspent grant income (£4.518 million), a net underspend of £0.113 million. An analysis of expenditure by service area is attached as Appendix 2.

Of the net underspend, £0.304 million overspend is projected on de-delegated budgets of mainstream schools, due mainly to overspending on Trade Union representation, insurance and contingency support to secondary schools. This is partly offset by a projected underspend for primary schools contingency. It is intended that the Schools Forum be asked that any net overspend on these budgets be offset against the accumulated reserves from previous years' de-delegated budgets, which currently stand at £0.859 million.

An underspend of £1.016 million is projected on Early Years block budgets, of which £0.771 million is the projected underspend on actual payments to schools, academies and PVI settings for 2, 3 and 4 year-olds for hours attended at those settings. The DSG Early Years block allocation and budget has been set based on the DfE's expected attendance hours based on the January 2016 and 2017 census data and an estimate of the take-up of the additional 15 hours available to working parents. The DfE will recalculate the amount of DSG due to the Authority in July 2018 based on the January 2017 and January 2018 census data and there is likely to be a claw-back of this underspend.

High Needs Block budgets are projected to overspend by £0.592 million. Assuming that the majority of the Early Years block underspend is needed to meet any future DfE adjustment to the DSG in 2018/19, the projected High Needs Block overspend would have to be covered from the residual DSG balance which currently stands at £3.162 million.

The most significant area of overspend is on top-up payments for special school placements provided by other local authorities and independent and non-maintained schools. Projected expenditure is £8.654 million and reflects that expenditure on places at independent and non-maintained schools has been increasing year on year.

In addition, post-16 top-ups are also projected to overspend by £0.487 million. The overspend is mainly on the top-ups paid to further education colleges and relates to additional places at Derby College for 2016/17 and 2017/18 which were not agreed by the college with the Authority until 2017/18.

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 and Dedicated Schools Grant projections for 2017/18, and that progress on delivery of budget reductions is noted.

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PETER HANDFORD
Director of Finance and ICT

Children's Services - Financial Monitoring (prepared January 2018) 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	-1.119	-0.753	0.366
Grants & funding from Dedicated Schools Grant	-21.227	-21.138	0.089
Pension Commitments from previous years & redundancy costs	5.129	5.200	0.071
SMT & Resources	3.039	2.664	-0.375
Safeguarding & Early Help	70.792	78.052	7.260
Schools & Learning	25.680	26.079	0.399
Performance, Quality & Partnerships	6.654	6.139	-0.515
Countywide Commissioning	3.116	3.140	0.024
Use of reserves	0.803	0	-0.803
Temporary savings identified at start of year	0.671	0	-0.671
TOTAL	93.538	99.383	5.845

Children's Services - Financial Monitoring (prepared January 2018) Appendix 2

	Allocated Resources (£ million)	Expenditure / (Income) (£ million)	(Under) / over (£ million)
High Needs			
High Needs Block Top-ups	36.959	38.082	1.123
High Needs Block - Special School and PRU budgets	12.266	12.266	0.000
High Needs Block central services & other	16.432	15.902	-0.530
Schools Block & Central			
Other Central Schools Block budgets	4.429	4.449	0.020
School KS1 class size fund	1.100	1.100	0.000
Schools' re-pooled budgets	4.550	4.854	0.304
Individual School Budgets (Mainstream, maintained only)	303.524	303.510	-0.014
Early Years			
Central Early Years	2.328	2.081	-0.247
2 year-olds' provision	4.644	4.958	0.314
3 & 4 year-olds in Private Voluntary and Independent (PVI) settings, schools and Academies	33.003	31.918	-1.085
Nursery Schools allocated budgets	1.008	1.010	0.002
Grant Income			
2017/18 DSG + post-16 grant	-415.725	-415.725	0.000
Drawdown from reserves	-4.518	-4.518	0.000
Total	0.000	-0.113	-0.113