

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR CHILDREN and YOUNG PEOPLE**

**3<sup>rd</sup> December 2013**

**Joint Report of the Strategic Director for Children & Younger Adults and the  
Director of Finance**

**CHILDREN AND YOUNGER ADULTS (CAYA) SERVICE SPENDING 2013/14**

**1 Purpose of the Report**

To inform the Cabinet Member of the results of the latest CAYA service budget monitoring and to highlight major variances.

To inform the Cabinet Member of the results of the latest Dedicated Schools Grant budget monitoring 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 CAYA's budget and expenditure funded by the Dedicated Schools Grant (DSG) 2013/14 based on income and expenditure up to the end of September.

The forecast year end position for CAYA's expenditure funded by the Council is an overspend of £3,408k. The projected overspend in year can be financed by the uncommitted balance from previous years brought forward although, since this resource is one-off in nature, urgent action is required to align the level of spend and available on-going resources.

A breakdown of the spend against budget by service area for the CAYA budget is attached as Appendix 1.

A breakdown of the spend against budget by service for the DSG is attached as Appendix 2.

## **2.2 CAYA Budgets**

The projected overspend has reduced by £2,982k since the last report provided to the Cabinet Member. The main changes have been in the anticipated costs of staffing where vacancy controls and continuing staff turnover have combined to keep staff costs lower than anticipated previously.

This improvement has been partially offset by an increase in the projected costs of Special Needs transport to and from schools and by an increase in the Authority's share of placement costs for children with complex needs.

The main cause of the overspend against the in-year budget is that the agreed budget reductions allocated to CAYA have not yet been applied to individual budgets. Work is on-going to identify savings to reduce the deficit, any residual overspend will, in the short term, be met from previous years' balances.

Looking forward, the Authority has estimated that it has a £157m shortfall in its overall finances over the next five years. Further reductions in CAYA's budget as a consequence of this funding gap would make the Service's financial position even more challenging and will inevitably lead to reductions in the services available to Derbyshire residents.

Detailed below are other significant points to note:

### **Salary increase**

The CAYA budget has been increased by £724k for the 1% pay award to staff, the costs of this pay award are also reflected in the forecast.

### **Local Authority Education Services Grant (LACSEG) and Extended Rights to Free Travel**

The CAYA budget has been increased for 2013/14 by £404k for the above items.

### **Closed school sites**

Prior to the changes to school funding introduced by the DfE this year, costs associated with former school sites were covered by a budget allocation from within the centrally held DSG. This is no longer permissible and so the costs are now being covered by the CAYA budget, anticipated spend is £127k this year. As work commences on redeveloping the sites, the costs will reduce and eventually cease.

### Business Services support

The staff turnover within Business Services is such that despite recruitment during the year and the 1% pay award, expenditure is projected to be £1,132k below 2012/13 outturn.

### Pooled budget

There is a projected underspend against the pooled budget for children with severe needs of £1,288k. However any underspends against this budget are ring-fenced and used to offset the cost of next year's contribution from the Authority to the pooled budget. Since the last monitoring report, four young people are no longer charged to this pooled budget but instead are funded in full from the Authority's resources.

### Placement costs

The number of children in care has been reducing in recent months and current estimates show a reduction in spend of £615k compared with the 2012-13 outturn. This is very sensitive to the characteristics of children leaving and joining care – for example 18 children in foster care placements cost approximately the same as 1 child requiring a specialised residential placement.

### 0-19 Locality teams/District Social Care teams

Both areas are underspent compared to budget allocated and 2012-13 outturn partly due to changes in staffing where the savings from leavers are accruing more rapidly than the costs of replacement staff due to the duration of the recruitment process.

## **2.3 Dedicated Schools Grant (DSG)**

The changes in schools funding reform mean that there are now relatively few central budgets retained 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 £448,083k against a grant of £454,668k (before adjustment for in year academy conversions), an underspend of £6,585k.

Of this, £205k has arisen on budgets resulting from pooling arrangements by primary and secondary schools. This underspend is ring-fenced to either future pooling arrangements for maintained schools or must be redistributed to all schools and academies.

A further £3,903k is due to expenditure on provision of nursery places being significantly below the amount of funding allocated by the DfE to the DSG. Take-up of two year old early education places started last year and projected spend is above the level incurred in 2012/13. Additional funding was allocated by the DfE to build capacity as the initiative is embedded.

There is an underspend of £470k on top-ups for pupils funded by the High Needs Block, the largest element within this is £334k for children within primary schools. The overall underspend on top-ups would have been greater except that payments for post-16 students are currently anticipated to be £275k over the allocated budget, although not all colleges have finalised their student rolls.

There is an underspend of £1,147k on unallocated DSG which is currently held within the High Needs block. A proposal on the future treatment of these resources will be discussed with Schools Forum and brought to Cabinet as part of the process for agreeing the allocation of the 2014/15 DSG.

### **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 CAYA Accountancy.

### **6. Officers' Recommendations**

That the Cabinet Member notes the outcome of the latest strategic budget monitoring for 2013/14.

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**PETER HANDFORD**  
**Director of Finance**

**CAYA Budget**

	<b>Full year budget £000s</b>	<b>Forecast year end actual 2013/14 £000s</b>	<b>Forecast year end (Under)/Over 2013/14 £000s</b>
Net budget reductions unapplied	(5,250)	-	5,250
Prior Year commitments	210	210	-
Grants & funding from Dedicated Schools Grant	(14,784)	(14,776)	8
Pension Commitments from previous years	5,473	5,475	2
SMT & Resources	3,607	3,510	(97)
Deputy Director CAYA: Non Safeguarding Safeguarding Specialist Services	10,735 48,207	10,204 47,969	(531) (238)
Schools & Learning	28,316	28,255	(61)
Commissioning & Performance Management:	5,939	4,581	(1,358)
Universal & Targeted Services	25,268	24,607	(661)
Anticipated future savings from vacancies & other items	-	(250)	(250)
<b>TOTAL</b>	<b>107,721</b>	<b>109,785</b>	<b>2,064</b>
Less proposed net transfers to earmarked reserves			1,344
			3,408

**Dedicated Schools Grant**

	<b>Full year budget £000s</b>	<b>Forecast year end actual 2013/14 £000s</b>	<b>Forecast year end (Under)/Over 2013/14 £000s</b>
Central expenditure	11,140	10,826	(314)
Early Years	19,580	15,565	(4,015)
High Needs Block – Top-ups	37,085	36,615	(470)
High Needs Block – other	14,386	13,910	(476)
Maintained School ISB	370,830	370,667	(163)
Unallocated	1,147	-	(1,147)
	454,168	447,583	(6,585)
Less pooled budget underspend			205
			(6,380)