

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR CHILDREN and YOUNG PEOPLE**

**3 February 2015**

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

**CHILDREN AND YOUNGER ADULTS (CAYA) SERVICE SPENDING 2014/15**

**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 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 2014/15 based on income and expenditure up to the middle of October.

The current forecast year end position for CAYA's expenditure funded by the Council is an overspend of £1,888,000. If there is an overspend position for CAYA at the end of the financial year, it will be met from the earmarked reserve that CAYA holds for this purpose.

The Dedicated Schools Grant is projected to underspend by £3,001,000 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 reform 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 £455,394,000 against a grant of £458,395,000 (before adjustment for academy conversions post- 1 December 2014), an underspend of £3,001,000.

The main component of the underspend, £2,969,000, is due to expenditure on provision of nursery places being below the amount of funding allocated by the DfE within the Dedicated Schools Grant. Take-up of two year old early education places started last year and projected spend has increased by 63% above the level incurred in 2013/14.

Across the block supporting services and provision for children with high needs, the High Needs Block, there is an overall overspend of £123,000. The largest overspends within this are

- £218,000 on Behaviour Services where there is an increased spend due to the Ofsted requirement to ensure that excluded pupils receive 25 hour provision per week.
- £137,000 on Out County high needs placements.

Smaller projected underspends across other areas reduce this overspend but the outturn for the majority of services are projected to be at or near the allocated budget.

The School Forum has agreed to support an allocation of £2,563,000 of this underspend in 2015/16 for additional capital investment to increase the supply of places for two year olds.

Within the overall projected underspend of £3,001,000, £297,000 has arisen on budgets resulting from pooling arrangements entered into by primary and secondary schools. This underspend is ring-fenced to either future pooling arrangements for maintained schools or must be redistributed through the authority's formula.

Deducting both this and the commitment to fund two year old capital investment, the uncommitted underspend is currently projected at £141,000 and this will be carried forward pending proposals discussed at Schools Forum.

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## **2.3 CAYA Budgets**

The forecast overspend is £1,888,000 which has improved from the projected overspend of £3,467,000 reported previously. This will be funded from previous years' uncommitted underspends.

As the budget for CAYA is over-committed, and spend is being supported from prior year underspends, the budget allocations for each service are being regularly reviewed and revised during the year to capture temporary underspends where they occur in order to keep the overall overspending against the budget allocation as low as possible.

The main causes of the overspend is that the actions to reduce spending have slipped against the timetable originally envisaged when the budget was originally set and that some budget pressures arising through increased demand have not yet been funded.

### **Complex Case Pooled budget**

There is a projected underspend against the complex case pooled budget of £617,000, 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.

### **Placement costs**

There has been an increase in external residential placements charged to the Authority in recent months and this is a major contributor to placement costs being projected to be £1,067,000 above the equivalent cost for 2013-14.

### **Changes from last reported position**

The main changes in projection since the last reported position are:

Increase to spend on Safeguarding Specialist Services due to additional spend on Child Protection (Child Sexual Exploitation) and on Social Workers in South Derbyshire due to a growing population, partially offset by a lower projected spend on legal charges.

Reduction to anticipated spend on Schools & Learning due to changes in projected costs of Home to School transport

Reduction to anticipated spend on Performance & Quality due to savings achieved as a result of the restructure of administrative business services staff.

Reduction to anticipated spend on Universal and Targeted Services due mainly to lower estimates of staffing spend as a result of vacancies and limited expenditure of the Youth Action Grant.

### Additional Resources

In addition to the CAYA base budget allocated by Council, the projected overspend is net of the following additional resources:

- £1,000,000 allocation from Public Health;
- £659,000 release of an earmarked reserve (one-off);
- £325,000 funds repaid by Connexions (one-off); and

Following the agreement of the pooled budget for children with complex needs with the Derbyshire CCGs, an adjustment has also been made to ensure that children whose needs meet the criteria are funded from the appropriate source. This has increased the cost to the pooled budget in the year by £2,139,000 whereas this cost was borne by CAYA during 2013/14.

It is anticipated that £3.169m of the original budget reduction target of £6.033m will be achieved in the year. This is before any adjustment in the target for funding from the Public Health Fund.

## **2.4 CAYA Earmarked Reserves**

The projected end year position of the CAYA earmarked reserves is shown in Appendix 2 and predicts a net reduction of £6,433k.

Within this, £10,146,000 is the balance of the prior year's underspend which the department intends to use in future financial years to manage the impact of budget reductions.

A further £1,937,000 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.

## **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 budget and earmarked reserves monitoring for 2014-15.

**IAN JOHNSON**  
**Acting Strategic Director for Children & Younger Adults**  
**PETER HANDFORD**  
**Director of Finance**

**Children and Younger Adults - Financial Monitoring (spend to 10/10/2014)**      **Appendix 1**

	<b>Full year budget £000s</b>	<b>Forecast year end actual 2014/15 0£000s</b>	<b>Forecast year end (Under)/Over 2014/15 £000s</b>
Budget reductions unapplied	(6,483)	(475)	6,008
Grants & funding from Dedicated Schools Grant	(13,016)	(13,016)	0
Pension Commitments from previous years	6,579	6,468	(111)
SMT & Resources	3,522	3,511	(11)
Safeguarding Specialist Services	51,423	52,069	646
Schools & Learning	26,064	25,654	(410)
Performance & Quality	18,277	16,911	(1,366)
Universal & Targeted Services	25,179	24,178	(1,001)
Anticipated future savings from vacancies & other items		(2,484)	(2,484)
<b>TOTAL</b>	<b>111,545</b>	<b>112,816</b>	<b>1,271</b>
Less proposed net transfers to earmarked reserves			617
Overspend (to be funded from CAYA earmarked reserve)			1,888

**Children & Younger Adults Reserves projected 31/03/2015****(excluding Dedicated Schools Grant)**

	<b>Opening Balance 01/4/2014 £000s</b>	<b>Increase / (Decrease) £000s</b>	<b>Projected Closing Balance 31/3/2015 £000s</b>
Schools Accounting System replacement	231	(231)	0
Complex Case Pooled Budget	1,823	(1,823)	0
Ring-fenced LAA grant 07/08	768	(768)	0
PSA 1 Reward Grant	908	(908)	0
IT Equipment – Foster Carers	137	0	137
Special Schools Sickness Pool Premium Reserve	64	0	64
Primary Teachers Sickness Pooled Premium Reserve	300	0	300
Primary Non Teachers Sickness Pooled Premium Reserve	17	0	17
Primary SEN Teaching Assistant Sickness Pooled Premium Reserve	25	0	25
Foster Carer Adaptations	500	0	500
Single Children's System	1,353	0	1,353
Income in advance – Lea Green/White Hall	170	0	170
YPLA threshold funding	690	0	690
Teaching Assistant funding pre statement	72	(64)	8
Further education funding for children in care	17	(15)	2
Co-location Multi-Agency Teams	2,394	(2,394)	0
Ozbox	161	(161)	0
Social Worker Training	500	(250)	250
Higher Education of Children in Care	34	0	34
Contact pilot	172	(172)	0
Catering equipment	140	(140)	0
Catering – urgent Health & Safety issues	200	(37)	163
Multi-Systemic therapy pilot	658	(270)	(388)
Transport Access	25	(25)	0
Family Literacy	66	0	66
Unifi	1,039	(237)	802
Gamesley Community	64	(49)	15
PC/Laptop replacement	238	0	238

HR Single Status in schools team	61	(61)	0
Breakfast Clubs	65	0	65
Catering – online payments	100	0	100
Troubled Families	390	(390)	0
Citizens Advice	119	0	119
Tibshelf School – demolition	250	(68)	182
Schools Causing Concern	300	(300)	0
Support & Aspiration project	75	1,862	1,937
Prior Year underspend	10,146	0	10,146
Secondary School Improvement project	100	(100)	0
Supporting various music grant bids	35	(34)	1
Supporting Children in Care – education	117	0	117
Every Child a Talker – training	56	0	56
Virtual School – staff	0	202	202
TOTAL	24,580	(6,433)	18,147