

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR CHILDREN and YOUNG PEOPLE**

**4 March 2014**

**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.

To agree to the creation of new earmarked reserves.

**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 December.

The forecast year-end position for CAYA's expenditure funded by the Council is an overspend of £2,700k. 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, plans are being developed 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 £708k 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, payments to support families, lower anticipated transport costs and lower costs of support to childcare providers.

This improvement has been partially offset by increased payments to agencies that find families for children waiting for adoption and less income being generated than planned in the budget from the sale of services to schools.

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 specific 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 currently held as an earmarked reserve.

Looking ahead, 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 make the Service's financial position challenging, and there will inevitably be reductions in the services available to Derbyshire residents.

Detailed below are other significant points to note:

### **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, the anticipated spend being £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 £1,375k below 2012/13 outturn.

### **Pooled budget**

There is a projected underspend against the pooled budget for children with severe needs of £1,296k. 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

The number of children in care has been reducing in recent months and current estimates show a reduction in spend of £546k 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.

### Special Guardianship allowances

These are projected to be £222k overspent in 2013/14 due to more arrangements being put in place than assumed in the budget. The costs for 2014/15 are expected to remain at this level.

### 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. Direct financial support to families is also lower than assumed in the budget contributing to the overall underspend of £488k on district social care teams and £1,422k across 0-19 locality teams.

### Catering

The Catering service is projecting an overall underspend of £240k. This is mainly due to close control over both costs and income. The recent decision to move to the Living Wage means that there will be additional costs for the Catering service which it will need to recover either through efficiencies or increased income. In addition, the implications of the Government's announcement of free school meals for KS1 pupils has not been quantified as no further information is yet available.

## **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 £448,076k against a grant of £454,668k (before adjustment for in year academy conversions), an underspend of £6,592k.

Of this, £76k 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 £3,595k 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 olds' 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 £780k on top-ups for pupils funded by the High Needs Block, the largest element within this is £617k 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. The report to Cabinet 21 January 2014 on Schools Block DSG proposed to continue with the transfer of resources from Schools Block to the High Needs block of £3.040m agreed with Schools Forum. The final grant allocation for High Needs block within the DSG has not yet been confirmed by DfE and will be the subject of a report to Cabinet at a later date.

## **2.4 Earmarked Reserves**

Within the CAYA budget, there is an estimated underspend against the allocation for the roll-out of the speech and language intervention 'Every Child a Talker' (ECaT). Approval is requested to create an earmarked reserve for this amount at year end as the roll-out will continue into 2014/15. The estimated value of the reserve is £56k and the monitoring position is reported net of this transfer.

Within the DSG budget, there is an allocation of £100k for personalised support for children in care. Approval is requested for the unspent balance of this budget to be carried forward as an earmarked reserve at the end of the year to fund support provided to children in care that is continuing across the end of the financial year.

## **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. **Call-in** Is it required that the call-in period be waived in respect of the decisions being proposed within this report? No.

5. **Key Decision?**

No.

6. **Background Papers**

Budget monitoring files held in CAYA Accountancy.

7. **Officers' Recommendations**

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

That the Cabinet Member approves the creation of the earmarked reserves as described within the report.

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

**CAYA Budget**

<b>2013/14</b>	<b>Full year budget £000s</b>	<b>Full year Forecast £000s</b>	<b>Full Year (Under)/Over £000s</b>
Net budget reductions unapplied	(5,871)	0	5,871
Prior Year commitments	110	110	0
Grants & funding from Dedicated Schools Grant	(14,930)	(14,930)	0
Pension Commitments from previous years	5,547	5,584	37
SMT & Resources	3,608	3,579	(29)
Closed School sites	0	127	127
Deputy Director CAYA: Business Services & ICT Safeguarding Specialist Services	10,742 48,735	10,014 48,240	(728) (495)
Schools & Learning	28,126	27,610	(516)
Commissioning & Performance Management:	5,939	4,594	(1,345)
Universal & Targeted Services	25,948	24,499	(1,449)
Anticipated future savings from vacancies & other items	0	(125)	(125)
<b>TOTAL</b>	<b>107,954</b>	<b>109,302</b>	<b>1,348</b>
Less proposed net transfers to earmarked reserves			1,352
			2,700

**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	10,085	10,100	15
Early Years	19,580	15,703	(3,877)
High Needs Block – Top-ups and Out County Placements	37,085	36,259	(826)
High Needs Block – other	14,886	14,306	(580)
Maintained School ISB	371,885	371,708	(177)
Unallocated	1,147	-	(1,147)
	454,668	448,076	(6,592)
Less centrally pooled budget underspend			76
			(6,516)