

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR CHILDREN'S SERVICES**

**6 September 2016**

**Report of the Strategic Director for Children's Services**

**CHILDREN'S SERVICES SPENDING 2016/17**

**1 Purpose of the Report**

To inform the Cabinet Member of the results of the latest Children's Services budget monitoring 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 2016/17 based on income and expenditure up to the end of June 2016.

The current forecast year-end position for Children's Services expenditure funded by the Council is an overspend of £7.105 million. A number of actions are in place to minimise any overspend. Any shortfall in closing the gap will be met by the use of Children's Services' earmarked reserves. The department is committed to implementing the budget reductions agreed by Council so that it does not need to rely on one-off sources of funding.

A breakdown by service area is attached as Appendix 1.

**2.2 Children's Services Budgets – major variances**

The forecast overspend is £7.105 million which is before the use of reserves to cover known delays. The forecast spend 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:

- 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 discretionary spend.

Should expenditure continue to be above budget by the end of 2016/17, Children's Services will draw down from its earmarked reserve of prior year underspends to provide the additional resources. The available balance of that reserve after covering the 2015-16 overspend is £6.266 million.

The performance of the department against the allocated budget and the main reasons for the overspend are detailed below:

Budget Reductions still to be achieved                      £1.546 million overspend

Progress continues to be made in ensuring that there is an achievable plan in place such that the department can deliver agreed services within its allocated budget as soon as possible.

Placement costs    £2.956 million overspend

Costs continue to exceed the allocated budgets albeit by a lower amount than in 2015/16. Despite the lower numbers of children in care, the pressure is due to changes in the mix of placements between fostered and residential and between in-house and that provided by outside agencies.

Special Guardianship    £0.388 million overspend

The net increase in the number of arrangements over 2015/16 is the cause of the overspend against budget. The overspend has been reduced by the application of £0.500 million additional budget allocated to Children's Services as part of the 2016/17 budget.

Disabled Children    £0.968 million overspend

The 2016/17 budget identified a proposed reduction to the grants provided to disabled children and their families where there was no statutory need to be met. The projection for 2016/17 assumes that the reduction in spend will be delivered part-way through the year and that the full reduction in spend will not be achieved until 2017/18.

### Children's Centres

£4.294 million overspend

The Authority has decided to reduce expenditure on children's centres by £4.600 million however the reduction in expenditure will not begin until the last quarter of 2016/17. The full reduction in expenditure will therefore not be achieved until 2017/18 leading to a temporary overspend in this year.

### Catering

£0.557 million underspend

The projected underspend assumes that there are no losses during the year to either strike days or closures due to bad weather.

### Other

£1.421 million underspend

Release of previously identified reserves to cover the time lag in achieving budget reductions and an allocation towards placement fees from the Authority where this is due to inflation because of the introduction of the National Living Wage are also anticipated in this projection.

## **2.3 Dedicated Schools Grant**

Although an initial review of the expenditure against the Dedicated Schools Grant has been undertaken, many of the assumptions remain the same as those used when the budget was prepared and no new information will be available until the start of the new Academic Year. A projection is therefore not reported here but will be reported next time.

## **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 2016-17.

**JANE PARFREMENT**  
**Strategic Director for Children's Services**

	<b>Full year budget</b>	<b>Forecast year</b>	<b>Forecast year</b>
	<b>2016/17</b>	<b>end actual</b>	<b>end</b>
	<b>2016/17</b>	<b>2016/17</b>	<b>(Under)/Over</b>
	<b>£000s</b>	<b>£000s</b>	<b>spend</b>
			<b>2016/17</b>
			<b>£000s</b>
Budget reductions unapplied	-1,430	115	1,545
Grants & funding from Dedicated Schools Grant	-19,062	-19,389	-327
Pension Commitments from previous years & redundancy costs	5,948	5,863	-85
SMT & Resources	3,168	3,218	50
Safeguarding & Early Help	69,815	77,798	7,983
Schools & Learning	26,436	26,113	-323
Performance & Quality	8,969	8,651	-318
Use of reserves, assumed allocation for inflation	1,420	0	-1,420
<b>TOTAL</b>	<b>95,264</b>	<b>102,369</b>	<b>7,105</b>