

DERBYSHIRE COUNTY COUNCIL**CABINET MEMBER****16 MARCH 2016****Joint Report of the Strategic Director of Adult Care
and the Director of Finance****2015-16 REVENUE BUDGET MONITORING
ADULT CARE – PERIOD 9 (TO 31 December 2015)****1. Purpose of the Report**

To provide the Cabinet Member with an update of the Adult Care Revenue Budget position for 2015-16 up to the end of December (period 9).

2. Information and Analysis

The Revenue Budget Monitoring Statement prepared at period 9 indicated that there was a projected year end overspend of £6.246m. The significant areas which make up this projection are shown in the table below:

	Controllable Budget	Full Year Forecast	Forecast (Under)/Over Spend
	£m	£m	£m
Strategic Director (See Note 1)	1.745	2.725	0.980
Purchased Services - including Fieldwork and Direct Care (See Note 2)	184.298	191.555	7.257
Strategy and Commissioning	16.436	14.475	(1.961)
Miscellaneous	0.715	0.685	(0.030)
Total	203.194	209.440	6.246

- Note 1: This includes the additional £3m one-off funding agreed as part of the 5 Year Financial Plan report on 15th July 2014.

- Note 2: Purchased Services are defined as 'Agreements for provision of services, primarily residential and nursing care, day care, home care, direct payments and other community services, for individuals by providers, both in-house and independent sector'.

Budget reductions totalling £24.216m were allocated for the year, with a brought forward figure from 2013-14 of (£0.265m) to give an overall target of £23.952m. It is anticipated that £25.141m will have been achieved by the year end. The table below shows performance against the target.

Budget Cut Target	Budget Reduction Amount £m	Projected Amount Achieved £m	Not Achieved £m
Supported Living Schemes	1.728	2.324	(0.596)
Frozen Meals and Laundry	0.000	0.124	(0.124)
Transport	0.000	0.149	(0.149)
FACS to Substantial	0.650	0.852	(0.202)
Cut Grants to Vol Orgs	1.610	1.610	0.000
Housing Related Support	6.576	6.213	0.363
Consolidate Block Contracts	0.300	0.231	0.069
Community Equipment	0.290	0.630	(0.340)
Review "No AA/DLA" Clients	0.145	0.180	(0.035)
Co-Funding Contributions	3.817	3.817	0.000
Review S117 Cases	0.050	0.000	0.050
Consistent Application of the RAS	8.000	8.494	(0.494)
Reduction in Business Services	0.050	0.006	0.044
Reduction in Leadership	0.000	0.088	(0.088)
Direct Care Trading Income	0.100	0.423	(0.323)
Balancing Figure	0.636	0.000	0.636
Total	23.952	25.141	(1.189)

Earmarked reserves totalling £1.525m are currently held to support future expenditure. Details of these reserves are shown below:

	Amount £m
Adult Care Replacement ICT System	0.250
Care Home – Backdated Fees	1.275
Total Earmarked Reserves	1.525

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality of opportunity; and environmental, health, human resources, property and transport considerations.

4. Background Papers

None

5. Key Decision

No

6. Call In

No

7. OFFICER RECOMMENDATION

That the Cabinet Member notes the position with the 2015-16 Revenue Budget.

Joy Hollister
Strategic Director – Adult Care
County Hall
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Director of Finance
County Hall
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DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR CHILDREN'S SERVICES

15 March 2016

**Joint Report of the Strategic Director for Children's Services
and the Director of Finance**

CHILDREN'S SERVICES SPENDING 2015/16

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.

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 2015/16 based on income and expenditure up to the end of December 2015.

The current forecast year-end position for Children's Services expenditure funded by the Council is an overspend of £2.973 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.

The Dedicated Schools Grant is projected to underspend by £3.204 million 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 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 £455.011 million against a grant of £458.216 million, an underspend of £3.204 million.

The reasons for the underspend are:

- Adjustment to the 2015/16 DSG for Early Years spend during 2014/15 £0.322 million
This is additional grant received from the DfE to recognise that the number of children receiving the free early years entitlement of 15 hours in 2014/15 was higher than the number originally funded by them in 2014/15.
- Allocation for Unifi £0.500 million
Although an allocation for this has been made for 2015/16, there are currently no plans in place for expenditure in this year.
- Primary KS1 class size funding £0.674 million
Schools Forum has agreed to a change in the support provided to schools with additional KS1 classes from September 2015 and it is estimated that spend will be reduced as a result.
- Re-pooled budgets £0.350 million
This underspend is mainly on contingency payments to secondary schools. Any unspent balance on these budgets must be held to fund the 2016/17 pooled budget or returned to schools.
- Early Years PVI places £1.498 million
The number and expenditure on 3 and 4 year olds attending PVI settings is now expected to be lower than anticipated when the budgets were allocated. The DfE bases the final allocation of grant partly on the census numbers in January 2016 and will notify and adjust for any change in funding in June 2016.
- Unallocated DSG of £0.376 million as a result of rates adjustments for schools converting to academy status and changes to the estimated High Needs block recoupment by the EFA

The above underspends are offset by a projected overspends of £0.148 million on top-ups for children with additional needs in secondary schools, £0.301 million for SEN placements in non-maintained special schools and a further £0.085 million for SEN placements in other local authorities' special school.

There is also a projected overspend of £0.398 million on payments for nursery places for 2 year olds. The DfE bases the final allocation of grant partly on the census numbers in January 2016 and will notify and adjust for any change in funding in June 2016.

2.3 Children's Services Budgets

The forecast overspend is £2.973 million which is net of the approved use of reserves to cover known delays in the achievement of specific budget reductions, as advised to Cabinet on 5 May 2015.

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.

The latest forecast overspend includes an estimate of £0.500 million for a contingent liability. Excluding this item, the underlying forecast overspend reduces to £2.473 million. The forecast overspend also assumes both the £0.529 million cost impact of schools which convert to academy status leaving an accumulated overspend for the Authority to cover and an allocation towards that cost from other Council resources.

In addition to strict vacancy control measures, actions that are being taken by officers include:

- increasing income to Children's Services and maximising the use of other grants such as funding for adoption and funding available from Public Health
- 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 2015/16, 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 projected overspend is estimated at £5.025 million.

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

<u>Budget Reductions still to be achieved</u>	£0.631 million overspend
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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.

Aftercare

£0.303 million overspend

New contracts for accommodation for care leavers have been established, however the provision from those contracts is below what was expected, leading to a continuing need to spot-purchase accommodation leading to an overall increase in cost. The projected overspend has improved as the opening of an accommodation hub has been delayed until 2016/17.

Placement costs

£3.326 million overspend

There has been an increase in the volume and cost of external residential placements charged to the Authority in recent months and this is a major contributor to placement costs being projected to be £3.326 million above the allocated budget.

Special Guardianship

£0.642 million overspend

The net increase in the number of arrangements over 2014/15 is the cause of the overspend against budget.

Advisory Service

£0.220 million overspend

The spend is above budget due to the size of the service being maintained to support schools. This is being covered by an allocation from Children's Services reserves as the implementation of the budget reductions has been deferred until September 2016.

Disabled Children – Short breaks

£1.083 million overspend

Budget reductions to the allocation for short break provision are dependent on the outcome of current consultations. In addition, demand for grants has increased which is thought to be as a result of increased awareness due to the consultations

Child Protection

£0.154 million overspend

Staffing in the team has been increased over time in response to service demands however no additional resources have been allocated to meet these needs.

Unaccompanied Asylum Seeking Children

£0.263 million overspend

The number of children requiring a placement has increased and recovery of this expenditure from the Home Office is capped below the level of spend incurred. This overspend is therefore the net cost borne by the Authority.

0-19 Multi Agency Teams and Children's Centres £0.412 million underspend

These services are underspent against the budget despite there being only a part-year impact of the management restructure and closure of children's centres. Savings from closing children's centres and reducing the opening hours of other centres will not be fully realised until 2016/17. The delay in the full achievement of these budget reductions is being covered by an allocation from Children's Services reserves.

Home to School Transport – SEN £0.364 million overspend

There continues to be pressure on this budget and proposals are being developed to further address this spend and control it to the level of the budget allocation.

HR & Workforce Development £0.306 million underspend

Expenditure on qualification fees is lower than budget and more income is being generated by the Health and Safety team.

Legal Charges £0.275 million underspend

There has been a reduction in the number of proceedings initiated.

Catering £0.398 million underspend

The projected surplus is due to growth in sales and release of funds that were being held for kitchen works as these works can now be funded from the Universal Free School Meals capital grant.

ICT and Information £0.377 million underspend

The service has had a number of vacancies this year following a restructure and this is the main reason the service has been underspent.

Youth Offending £0.236 million underspend

The underspend is due to vacancies within the Youth Offending service against budgeted posts.

Supporting Families

£0.259 million underspend

The level of fixed penalty notices issued by the Authority for term-time absence is higher than assumed in the budget and is the major component of this projected underspend.

Fostering & Adoption services

£0.300 million underspend

The budget for adaptations to foster carers' homes is underspent as there are already sufficient funds for those in progress within the earmarked reserve. In addition, the Government has announced an additional grant towards adoption fees payable in certain circumstances to placements found by other local authorities.

Starting Point

£0.115 million underspend

The underspend is due to vacancies within the team compared to budgeted posts.

Use of reserve for slippage in savings delivery

£0.892 million underspend

This is covering the shortfall in delivery of budget reductions arising from changes to Children Centres which were agreed by Cabinet in July 2015 and to maintain the Advisory Service at its current size through until September 2016.

2.4 Children's Services Earmarked Reserves

The projected year-end position of the Children's Services earmarked reserves is shown in Appendix 2 and predicts a closing balance of £16.761 million excluding reserves which are out of Children's Services' control and the DSG, a net reduction of £9.037 million since the start of the financial year.

Within this, £4.760 million is the balance of the prior years' underspend, net of the 2015-16 projected overspend which the department intends to use in future financial years to manage the impact of budget reductions.

Reward grant income of £4.757 million from the Troubled Families initiative is being held with the intention of supporting the Early Help service over the next three years to continue its work with troubled families.

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 Children's Services Accountancy.

6. **Officers' Recommendations**

That the Cabinet Member notes the outcome of the latest budget and earmarked reserves monitoring for 2015-16.

JANE PARFREMENT
Strategic Director for Children's Services
PETER HANDFORD
Director of Finance

Children's Services - Financial Monitoring (spend to 31/12/2015)**Appendix 1**

	Full year budget	Forecast year	Forecast year
	2015/16	end actual	end
	2015/16	2015/16	(Under)/Over
	£000s	£000s	spend
			2015/16
			£000s
Budget reductions unapplied	-629	2	631
Grants & funding from Dedicated Schools Grant	-18,757	-18,866	-109
Pension Commitments from previous years & redundancy costs	5,999	5,905	-94
SMT & Resources	4,607	4,266	-341
Safeguarding & Early Help	73,160	75,394	2234
Schools & Learning	25,594	26,128	534
Performance & Quality	15,942	15,560	-382
Contingent liability & costs of academy conversion	0	500	500
TOTAL	105,916	108,889	2,973

Children's Services Reserves projected 31/03/2016**(excluding Dedicated Schools Grant)**

	Opening Balance 01/04/2015 £000s	Increase / (Decrease) £000s	Projected Closing Balance 31/03/2016 £000s
Complex Case Pooled Budget	864	-864	0
Transition to new resource model	0	980	980
Support for School Improvement Service	0	222	222
Hardship grants – Denominational transport	100	-100	0
IT Equipment – Foster Carers	137	-137	0
Special Schools Sickness Pooled Premium Reserve	57	-57	0
Primary Teachers Sickness Pooled Premium Reserve	580	0	580
Primary Non Teachers Sickness Pooled Premium Reserve	21	1	22
Primary SEN Teaching Assistant Sickness Pooled Premium Reserve	57	-57	0
Foster Carer Adaptations	681	-100	581
Single Children's System	1,353	-500	853
Equipment maintenance and replacement reserve – Lea Green/White Hall	131	11	142
YPLA threshold funding	690	0	690
Teaching Assistant funding pre statement	63	-7	56
Further education funding for children in care	10	-5	5
2 yr-olds places (capital)	2,563	-1,075	1488
Staying Put	70	-70	0
Social Worker Training - Systemic Practice	250	-250	0
Higher Education of Children in Care	122	0	122
Catering – urgent Health & Safety issues	163	-163	0
Multi-Systemic therapy pilot	384	-283	101

	Opening Balance 01/04/2015 £000s	Increase / (Decrease) £000s	Projected Closing Balance 31/03/2016 £000s
Family Literacy	66	-66	0
Unifi	741	-489	252
Gamesley Community	15	-15	0
PC/Laptop replacement	132	-132	0
HR Single Status in schools team	110	-110	0
Breakfast Clubs	65	-65	0
Catering – online payments	100	-100	0
Children's Homes Amenity Funds	2	0	2
Citizens Advice	0	239	239
District Youth Club Funds	73	0	73
Eckington Youth Club – Capital grant	70	-70	0
Support & Aspiration project	1,608	-969	639
Prior Year underspend	9,951	-5,191	4,760
Schools Extranet	82	-41	41
Supporting various music grant bids	12	-2	10
Virtual School – Assistant Head - Innovations	202	-56	146
Troubled Families – reward grant	4,217	540	4,757
Every Child a Talker	56	-56	0
TOTAL	25,798	-9,037	16,761