

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR CHILDREN’S SERVICES

9 February 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 October 2015.

The current forecast year-end position for Children’s Services expenditure funded by the Council is an overspend of £3.512 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 £2.916 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 £455.296 million against a grant of £458.212 million (before adjustment for academy conversions post 1 September 2015), an underspend of £2.916 million.

The reasons for the underspend are:

- Adjustment to the 2015/16 DSG for Early Years £0.322 million
spend during 2014/15
The DfE makes an adjustment each year to reflect the actual numbers of children receiving the free early years entitlement of 15 hours in the preceding year.
- 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 £0.250 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 £1.021 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.
- Unallocated DSG of £0.372 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 overspend of £0.150 million on top-ups for children with additional needs in secondary schools and £0.206 million for SEN placements out of county.

2.3 Children's Services Budgets

The forecast overspend is £3.512 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 £1.000 million for a contingent liability and the impact of Academy conversions since 1 April 2015. Excluding these items, the underlying forecast overspend reduced to £2.488 million

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 the 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 £4.221 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>	£0.622 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.

<u>Aftercare</u>	£0.332 million overspend
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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 level of spot-purchased accommodation and 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 £2.043 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 £2.043 million above budget.

Special Guardianship £0.627 million overspend

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

Advisory Service £0.216 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 £1.072 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 £0.222 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 £0.262 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 £0.441 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

£0.299 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.

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 £17.395 million excluding reserves which are out of Children's Services' control and the DSG, a net reduction of £8.403 million since the start of the financial year.

Within this, £4.221 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.

A further £1.214 million 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.

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.

IAN JOHNSON
Strategic Director for Children's Services
PETER HANDFORD
Director of Finance

Children's Services - Financial Monitoring (spend to 31/10/2015)**Appendix 1**

	Full year budget 2015/16 £000s	Forecast year end actual 2015/16 £000s	Forecast year end (Under)/Over 2015/16 £000s
Budget reductions unapplied	-783	30	813
Grants & funding from Dedicated Schools Grant	-18,765	-18,874	-109
Pension Commitments from previous years & redundancy costs	5,997	5,897	-100
SMT & Resources	3,892	3,736	-156
Safeguarding & Early Help	73,105	75,159	2,054
Schools & Learning including Sport & Outdoor	25,893	26,254	361
Performance & Quality	16,211	15,836	-375
Contingent liability & costs of academy conversion	-524	500	1,024
TOTAL	105,026	108,538	3,512

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

	Opening Balance 01/4/2015 £000s	Increase / (Decrease) £000s	Projected Closing Balance 31/3/2016 £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	-30	107
Special Schools Sickness Pool 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	0	1,353
Equipment maintenance and replacement reserve – Lea Green/White Hall	131	1	132
YPLA threshold funding	690	0	690
Teaching Assistant funding pre statement	63	-7	56
Further education funding for children in care	10	-4	6
2 yr-olds places (capital)	2,563	-1,075	1,488
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
Family Literacy	66	-66	0
Unifi	741	-489	252
Gamesley Community	15	-15	0
PC/Laptop replacement	132	-132	0

	Opening Balance 01/4/2015 £000s	Increase / (Decrease) £000s	Projected Closing Balance 31/3/2016 £000s
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	-394	1,214
Prior Year underspend	9,951	-5,730	4,221
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	-8,403	17,395

DERBYSHIRE COUNTY COUNCIL**CABINET MEMBER****20 January 2016****Joint Report of the Strategic Director of Adult Care
and the Director of Finance****2015-16 REVENUE BUDGET MONITORING
ADULT CARE – PERIOD 7 (TO 31 OCTOBER 2015)****1. Purpose of the Report**

To provide the Cabinet Member with an update on the Adult Care Revenue Budget position for 2015-16 up to the end of October (period 7).

2. Information and Analysis

The Revenue Budget Monitoring Statement prepared at period 7 indicated that there was a projected year end overspend of £6.853m. 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)	1.958	2.751	0.793
Purchased Services - including Fieldwork and Direct Care (See Note 2)	184.299	191.942	7.643
Strategy and Commissioning	16.222	14.71	(1.513)
Miscellaneous	0.715	0.646	(0.069)
Total	203.194	210.049	6.853

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

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- 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 £24.044m will have been achieved by the year end. The table below shows performance against the target.

Budget Cut Target	Budget Reduction Target £m	Projected to t Achieve £m	Under /(over) Achievement £m
Supported Living Schemes	1.728	2.324	(0.596)
Frozen Meals and Laundry	0.000	0.119	(0.119)
Transport	0.000	0.142	(0.142)
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	5.940	0.636
Consolidate Block Contracts	0.300	0.288	0.012
Community Equipment	0.290	0.482	(0.192)
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	7.699	0.301
Reduction in Business Services	0.050	0.000	0.050
Reduction in Leadership	0.000	0.088	(0.088)
Direct Care Trading Income	0.100	0.503	(0.403)
Balancing Figure	0.636	0.000	0.636
Total	23.952	24.044	(0.092)

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. IS IT REQUIRED THAT CALL-IN BE WAIVED FOR ANY DECISION ON THIS REPORT?

No

7. OFFICER RECOMMENDATION

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

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Peter Handford
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