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PUBLIC

To: Members of Cabinet Member meeting - Young People

Friday, 26 July 2019

Dear Councillor,

Please attend a meeting of the **Cabinet Member meeting - Young People** to be held at **11.00 am** on **Tuesday, 6 August 2019** in Committee Room 4, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in cursive script that reads 'Janie Berry'.

JANIE BERRY
Director of Legal and Democratic Services

A G E N D A

PART I - NON-EXEMPT ITEMS

1. To receive declarations of interest (if any)
2. Minutes (Pages 1 - 6)

To confirm the non-exempt minutes of the meeting of the Cabinet Member - Young People held on 8 July 2019
3. To consider the report of the Director of Legal and Democratic Services on New Instruments of Government (Pages 7 - 8)

To consider the non-exempt reports of the Executive Director for Children's

Services on:

- 4 (a) Confirmation of Nominations for School Governors (Pages 9 - 10)
- 4 (b) School Grants 2019/20 (Pages 11 - 16)
- 5. To consider the joint reports of the Executive Director of Children's Services and the Director of Finance and ICT on:-
 - 5 (a) Revenue Out-turn 2018/19 (Pages 17 - 38)
 - 5 (b) School Budgets : Deficit Balances and Recovery Plans bringing budgets into balance over more than one financial year (Pages 39 - 42)
- 6. Exclusion of the Public

To move "That under Regulation 21 (1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph(s) 2 of Part 1 of Schedule 12A to the Local Government Act 1972"

PART II - EXEMPT ITEMS

- 7. To receive declarations of interest (if any)
- 8. To consider the report of the Executive Director for Children's Services on Review of the Physical Education and School Sports Service (Pages 43 - 50)

PUBLIC

MINUTES of a meeting of the **CABINET MEMBER – YOUNG PEOPLE** held on 8 July 2019 at County Hall, Matlock.

PRESENT

Cabinet Member - Councillor A Dale

Also in attendance – Councillor J Coyle

39/19 **MINUTES** **RESOLVED** that the minutes of the meeting of the Cabinet Member for Young People held on 4 June 2019 be confirmed as a correct record and signed by the Cabinet Member.

40/19 **NEW INSTRUMENTS OF GOVERNMENT** Under the School Governance (Constitution) (England) Regulations 2012; proposals had been received from school Governing Bodies for an amendment to their Instrument of Government.

RESOLVED that the new Instruments of Government be made for Middleton Community Primary School as detailed in the report.

41/19 **CONFIRMATION OF NOMINATIONS OF SCHOOL GOVERNORS** **RESOLVED** to approve the nomination of the following persons to serve as Local Authority Governors:-

A Clayton	-	Brassington Primary School
G Hart	-	Anthony Gell School
S Revie	-	St Oswalds Primary School
N Compton	-	Edale CofE Primary School
S Lonsdale	-	Taxal and Fernilee Primary School
S Haigh	-	St George's Primary School, Castle Gresley

42/19 **CONSULTATION ON THE ORGANISATION OF PRIMARY EDUCATION IN TIBSHELF** The Cabinet Member was informed of the outcome of the consultation on the organisation of primary education in Tibshelf.

Derbyshire County Council made a significant investment in building a new secondary school for Tibshelf, providing modern facilities that enhance high-quality education. Tibshelf School moved to its new location on the edge of the village in November 2013. The former Tibshelf School site (to the rear of the Infant & Nursery School) occupied an area of 58,839 square metres in the centre of the village of Tibshelf. Since the school's departure, the buildings, with the exception of the changing block, have been demolished on

safety grounds. The changing block and playing fields have continued to be used by a local football club and the athletics club. There was access across the site to the allotments.

In April/May 2016, there was a pre-publication consultation to consider the future of primary education in Tibshelf and the disposal of surplus land on the former Tibshelf School site. Derbyshire County Council's Cabinet considered the outcome of that consultation in July 2016 and the decision was made to apply for permission to dispose of the surplus land. The decision on the future of primary education in Tibshelf would be the subject of further consultation. The Education and Skills Funding Agency approved the disposal of surplus land in 2018. The remaining site, together with the capital receipt from the surplus land, provided an opportunity to invest in new school premises. It was, however, necessary to determine the organisation of primary education in the village before a design could proceed. The decision would also determine the correct statutory or non-statutory procedure for re-organisation.

When the initial consultation took place, it was thought that access to the former Tibshelf School site could be achieved without impacting on the existing Infant School. Further discussion with the Highways Department had determined that that was not the case and a section of the Infant School building would have to be demolished to provide acceptable access for any development on the available site. As a consequence, if the decision was made to utilise the site for a school, the new building would be required to house both the junior and infant pupils regardless of the organisation of the school.

Town End Junior School was located on the edge of the village. It had a net capacity of 196 with 174 on roll. The site was very restricted and did not provide sufficient playing fields to meet current DfE standards. There was a maintenance backlog of £636,555. There was no scope for enlargement of the school on its present site.

Tibshelf Infant School was centrally located. It had a net capacity of 130 and 130 on roll. It was on a constrained site and the condition backlog was £389,261.

The projections showed a small decrease in numbers at the Junior School but an increase to 153 by 2023 for the Infant School (23 above capacity). In addition, planning approval had been granted for 227 houses in the village which could generate 45 primary-aged pupils. The Infant School was also eager to extend its age range to provide pre-school education to 2 year-olds.

On 28 February 2019, Cabinet agreed to a further consultation on the organisation of primary education in Tibshelf, and it took place from 14 March

2019 to 10 May 2019. A copy of the consultation paper was appended to the Executive Director's report.

There were 17 responses to the consultation. There was general support for moving to the new site but a mix of views as to whether the new school should remain as two schools but be federated or become a primary school. Details of the responses were given in the Executive Director's report.

RESOLVED to approve (1) the progression of the design of a new school on the former Tibshelf School site with consideration of an alternative entrance to the site; and

(2) the proposal to enter into discussion with the governing bodies of the infant and junior school to consider the options of either federation, the formation of a primary school or joint occupation as separate school in the new school building and report the outcome of those discussions to the Cabinet Member for a decision.

43/19 RESERVE CAPITAL FUNDING TO SUPPORT THE CATERING SERVICE PROGRAMME 2019-20 Approval was sought to create an earmarked reserve for capital expenditure on routine replacement and upgrading of school catering equipment within Derbyshire schools.

Derbyshire's Catering Service provided approximately 55,000 meals per day to 369 primary, special and secondary schools and Academies' across Derbyshire. These were delivered through kitchen facilities on school premises or through feeder schools. The service currently employed 1,500 staff to ensure quality meals are provided to schools in accordance with the contracts. Turnover (Revenue) for 2018/19 was £25.5 million.

In 2012, funding for primary school budgets was reviewed by central Government. The Government's aim was to move to a national funding formula and to simplify local funding arrangements with as much funding as possible delegated to schools.

Delegated budgets meant schools had the choice to buy-in the school meal provision with Derbyshire County Council, manage the service themselves or contract to a private sector provider (normally via a formal tender process or a framework). Buy-back of the Authority's meals service was strong at present, however it was operating in an increasingly competitive environment, especially in the secondary sector. The market was changing as Multi-Academy Trusts operated across the Authority and groups of schools look to commission services in different ways.

With the implementation of Universal Infant Free School Meals in 2014, more than 85.3% of children in Reception, Year 1 and Year 2 were taking up the offer of a healthy school lunch every day. As such, several private sector

companies were now beginning to compete to provide these services when schools go out to tender.

As part of this process and under the terms stated in the contracts between Derbyshire Catering Services (DCS) and individual schools, it was the responsibility of DCS to purchase and replace catering equipment that required upgrading as part of a scheduled replacement programme.

To continue to offer a competitive service to schools, there was a need for further additional work to be carried out to upgrade related catering equipment within the service which would improve the working conditions within kitchens and dining areas, and continued to support the increased uptake of school meals.

Catering aimed to cover all its costs including overheads and investment in service upgrades over a period of years and therefore requires that any catering surpluses can be earmarked and ring-fenced to fund upgrades and equipment replacement in future years. This could be achieved by the use of an earmarked reserve.

The Catering Service was proposing to invest £240,000 of its traded income to facilitate essential future upgrades and replacement of equipment.

Expenditure on routine replacement of equipment where the replacement value exceeded £10,000 must be treated as capital expenditure in the Authority's accounts and was therefore required to be approved by the Executive Director and included within the Authority's Capital Programme.

It was proposed that the investment would be made across two schools these being Anthony Gell and Highfields School. Details of this investment were given in the Executive Director's report.

RESOLVED to approve an earmarked reserve of £240,000 for capital expenditure on routine replacement and upgrading of school catering equipment at Anthony Gell School and Highfields School.

44/19 REQUEST TO SET THE RECOMMENDED SELLING PRICE OF SCHOOL MEALS FOR 2019-20 The Cabinet Member was informed that it was proposed that there would be no increase in the recommended selling price of a school meal to children and adults in Secondary, Primary Special and Nursery pupils from 3 September 2019.

The school catering budget was delegated to Primary schools from April 2013, having already been delegated to Secondary schools. Under delegation, the responsibility for charging now lay with schools. However, Derbyshire County Council would continue to recommend a selling price to aid schools and to provide consistency. As part of this recommendation, schools would be reminded that, under Section 533 of the Education Act 1996, the

price they charge to pupils for school meals must not exceed the cost of providing them.

The recommended prices for all school meals were last reviewed and increased (by 10p for Primary & Nursery Schools and 5p in Secondary & Special Schools) in September 2018. The current recommended prices for meals were:

Primary/Nursery Schools	£2.10
Secondary/Special Schools	£2.40
Adult Meals	£2.88 including VAT

In September 2014, the Universal Infant Free School (UIFSM) provision started for all Key Stage 1 pupils (Reception, Year 1 and Year 2 pupils). This was funded directly to eligible schools at £2.30 per pupil.

Changes to the free school meals funding means that schools have a specified funding rate of £2.30 per meal for free school meals (eligible) from 1 April 2018.

Derbyshire County Council School Meals Service currently provided approximately 55,000 meals across the county each day. Although the service faced significant budget pressures, it had been possible to mitigate these through the development of efficiencies and an income generation programme. However, the service continued to face further challenges, some of which had been mitigated through the continuation of improved performance which had ensured the sustainability of the Service.

During the past 12 months, the take-up had remained consistent with the previous year for Primaries and increased for Secondaries. The figures showed an overall take-up figure of 66.7% for Primary and Special Schools. Secondary Schools had increased by 2.8% to a total of 60.2%.

To ensure that the Service was delivering on the Department for Education's promise to prioritise children's health and wellbeing, it was important that the Service remained commercially competitive, retaining market share and maximising business opportunities. In the main, this was achieved by operating in a fair and transparent manner, ensuring that the selling price continued to be very low compared to near and statistical neighbours after the increases.

It was recognised that the meal price was increased last year following a 3 year period of being frozen and, how any such increase could impact on family finances. It was the desire of the administration to keep costs to families as low as possible, however acknowledgement had to be made to the fact that the Service must operate in a viable manner.

It was also expected that the price freeze would prevent the trend for a 2% fall in demand following increases as reflected in previous years. This would help to ensure the Service maintained a good take up of meals in order to support the Catering Service Plan.

In the event of a surplus, the Authority was committed to reinvesting in business improvements within the Catering Service.

A benchmarking review of selling prices had been undertaken and the Authority's prices compared favourably with other authorities. These comparisons were shown in the Appendices to the Executive Director's report.

RESOLVED to note that the recommended selling price of meals in all schools from 3 September was to remain the same at:

Primary/Nursery Schools	£2.10
Secondary/Special Schools	£2.40
Adult Meals	£2.88 including VAT

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER MEETING - YOUNG PEOPLE

6 August 2019

Report of the Director of Legal and Democratic Services

NEW INSTRUMENTS OF GOVERNMENT

Purpose of the Report

To agree new Instruments of Government to be made under the School Governance (Constitution) (England) Regulations 2012.

Information and Analysis

The following proposals have been received from school Governing Bodies to vary their Instrument of Government and they comply with the requirements of the Regulations:

- (1) Coppice Primary School – 10 members consisting of 4 parents, 1 Local Authority, 1 staff, 1 Head-teacher and 3 co-opted governors.
- (2) Creswell CofE Infant School and Nursery – 10 members consisting of 2 parents, 1 Local Authority, 1 staff, 1 Head-teacher, 1 foundation governor and 4 co-opted governors.
- (3) Field House Infant School – 10 members consisting of 4 parents, 1 Local Authority, 1 staff, 1 Head-teacher and 3 co-opted governors.
- (4) Parkside Community School – 13 members consisting of 2 parents, 1 Local Authority, 1 staff, 1 Head-teacher and 8 co-opted governors.
- (5) William Rhodes Primary School – 9 members consisting of 2 parents, 1 Local Authority, 1 staff, 1 Head-teacher and 4 co-opted governors.

Other Considerations

In preparing this report the relevance of the following factors have been considered – prevention of crime and disorder, equality of opportunity and health, legal, financial, transport, personnel and property considerations.

Background Papers

Emails or letters from the schools.

Key Decision?

No

Is it necessary to waive the Call-in period?

No

OFFICER'S RECOMMENDATION

To approve the making of the new Instruments of Government as detailed above.

Janie Berry
Director of Legal and Democratic Services

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

6th August 2019

Report of Executive Director for Children's Services

CONFIRMATION OF NOMINATIONS OF SCHOOL GOVERNORS

1. Purpose of report

To ask the Cabinet member to confirm the nominations of persons to serve as local authority school governors.

2. Information and Analysis

Nominations to school governing boards are proposed as set out below.

The Cabinet member is asked to confirm the nominations of persons to serve on the governing boards of these schools.

Any appointments made by governing boards will be subject to the completion of a Declaration of Eligibility form, a proof of identity check and an enhanced DBS check.

3. Other considerations

In preparing this report the relevance of the following factors has been considered:- prevention of crime and disorder, equality of opportunity and health, legal, financial, personnel and property considerations.

4. Background Papers

Registration forms of applicants.

5. Key Decision?

No

6. Officer's Recommendation

That the nominations for persons to serve as local authority governors are confirmed.

Jane Parfremment
Executive Director for Children's Services

The Cabinet member is asked to confirm the **nomination** of the following person to serve as local authority governor.

Name	School	Nominating Councillor	Appointment
Erewash C S Smith	Ashbrook Junior School	R Parkinson	New Appointment

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

6 August 2019

Report of the Executive Director for Children's Services

SCHOOL GRANTS 2019/20

1. Purpose of Report

To inform the Cabinet Member of Government grants due to be received by the Council which are required to be passed on to schools.

To inform on the methodology used by the Government to calculate individual schools allocations.

2. Information and Analysis

The Department for Education (DfE) paid a number of grants to the Authority in the last financial year which were required to be wholly passed onto schools based on individual school allocations calculated by the DfE. These grants are due to be continued in 2019-20 and whilst the final 2019-20 allocations are yet to be confirmed, the methodologies for calculating allocations are known.

For schools that have converted to Academy status the DfE deducts the amounts paid to Derbyshire's allocations and makes payment direct to the school. A summary of the gross grant allocations for Derbyshire (i.e. before Academy deductions) is shown below:

Grant	2018-19 Allocation	2019-20 Allocation
Pupil Premium	£28.6m	£29.7m
PE & Sports Premium	£6.2m	TBA
Year 7 Literacy & Numeracy Catch-up Premium	£0.6m	TBA
Universal Infant Free School Meals	£8.3m	£8.3m
Free School Meal Supplementary	£1.1m	TBA
Teachers' Pay Grant	£2.4m	£4.2m
Teachers' Pension Grant*	N/A	TBA
Devolved Formula Capital	£3.2m	£3.2m
DFC 18-19 additional	£5.5m	N/A

* due to start from September 2019

3. Financial Considerations

Appendix 1 provides a breakdown of the methodology of how each individual schools allocation has been calculated by the government and shows the split between Derbyshire County Council maintained schools and academies. Unless stated otherwise these allocations have to be directly passed onto each school with academies receiving the funding direct from the Education and Skills Funding Agency (ESFA).

4. Other Considerations

In preparing this report the relevance of the following factors has been considered – legal and human rights, human resources, equality and diversity, health, environmental, social value, transport, property and prevention of crime and disorder.

5. Background Papers

Files held in Children's Services Finance - Accountancy section.

6. Key Decision

No

7. Call-in

Is it necessary to waive the call-in period in respect of the decisions being proposed within this report? No

8. OFFICER RECOMMENDATIONS

That the additional grant funding for schools be noted.

Jane Parfremment
Executive Director for Children's Services

County Hall
MATLOCK

1. Pupil Premium Grant

The total grant for Derbyshire schools in 2019/20 financial year is £29.7m with £18.7m of this going to LA maintained schools and £11.0m going to schools that had converted to academy status as at 1st April 2019. The grant is designed to help disadvantaged pupils of all abilities to perform better and close the gap between them and their peers. The funding methodology of the grant and rates for eligible pupils remains the same as the previous year as detailed below:

Eligibility	2018-19 Funding Rate	2019-20 Funding Rate
Ever 6 Free School Meals – Reception to Year 6	£1,320	£1,320
Ever 6 Free School Meals – Year 7 to Year 11	£935	£935
Looked After Children (LAC)	£2,300	£2,300
Former Looked After Children	£2,300	£2,300
Ever 6 Service Children – Reception to Year 11	£300	£300

2. PE and Sports Premium

The grant is for the benefit of primary aged pupils and is for an academic year. For 2018/19 the total grant was £6.2m with £4.9m going to LA maintained schools and £1.3m to academies. The government has confirmed its intention to continue to fund the grant at its current level for the 2019/20 academic year but details have yet to be published. The purpose of the grant is to fund additional and sustainable provision of PE and sport, to encourage the development of healthy active lifestyles. Funding for 2018/19 was as follows:

Number of Pupils Year 1 to 6	Funding Rate
16 pupils or fewer	£1,000 per pupil
17 pupils or more	£16,000 + £10 per pupil

3. Year 7 Literacy & Numeracy Catch-up Premium

The grant gives additional funding to support year 7 pupils who did not achieve the expected standard in reading or maths at the end of key stage 2. Total funding for 2018-19 academic year totalled £0.601m with £0.235m going to LA maintained schools and £0.366m to academies. No details relating 2019-20 have been announced but it has been stated that it will continue in 2019/20. Individual school allocations for 2018-19 were calculated as follows:

(number of year 7 pupils on October 17 school census ÷ number of year 7 pupils on October 2018 school census) x the 2017-18 allocation.

4. Universal Infant Free School Meals (UIFSM)

Schools have a legal requirement to offer free meals to all reception, year 1 and year 2 pupils and this grant supports that requirement. The grant is an academic year grant and for 2018/19 totalled £8.3m, LA maintained schools accounting for £6.6m and academies £1.7m. Schools are initially given a provisional allocation based on the previous year grant which is adjusted and finalised using data from the October and January census data. Funding for 2019/20 is at a continued funding rate of £2.30 per meal and individual school allocations are calculated as follows:

number of meals served (reception, year 1 & 2) less meals taken by Free School Meals pupils = eligible UIFSM meals x £2.30 x 190 days

5. Free School Meals (FSM) supplementary grant

This was a new grant introduced for the 2018-19 academic year and provides schools with extra funding to meet the higher cost of providing extra meals before the lagged funding system catches up. This follows the introduction of Universal Credit, which increases the number of pupils eligible for free school meals. Allocations for both 2018-19 & 2019-20 are calculated on the following basis:

Measured increase in FSM eligibility x £440 (based on October census data)

6. Teachers' pay grant

The teachers' pay grant was introduced from September 2018 and is designed to fund the additional cost of the teachers' pay award above the 1% that schools would have been planning for. The total grant of £2.4m in 2018/19 (£4.1m initial allocation in 2019/20) was split £1.4m to LA maintained schools and £1m to Academies (£2.4m and £1.7m in 2019/20).

Whilst the grant is passed directly on to nursery, primary and secondary schools, the local authority receives the high needs providers element (£0.078m 2018/19, £0.135m 2019/20) including that for special and alternative provision academies. Local authorities must fully allocate this to providers following consultation with them and all providers must receive an allocation. Derbyshire has allocated it by apportioning the grant based on the actual pay increases for teachers employed as at July 2018.

The rates used by the government to fund the grant are shown in the table below:

Funding	Rate per pupil Sept 18 to March 19	Rate per pupil April 19 to March 20
Primary Schools (funded as a minimum of 100)	£17.76	£30.48
Secondary Schools (minimum 100)	£26.54	£45.56
High Needs Providers (Special Schools & PRU's, funded as a minimum of 40 places)	£65.65	£113.46

7. Teachers' pension grant

The employer contribution rate for the Teachers' Pension Scheme will increase from 16.4% to 23.6% from September 19. The cost of this increase nationally is calculated to be £848m for the period September 2019 to March 2020 and this sum is being made available through the grant and a Supplementary Fund. Funding after this period will be confirmed as part of a wider spending review although academy schools will continue to receive grant until the end of their financial year. The rates used by the government to fund the grant are shown in the table below:

Funding	Rate per pupil Sept 2019 to March 2020
Primary Schools (funded as a minimum of 100 pupils)	£77.50
Secondary Schools (minimum 100)	£114.08
Special and Alternative Provision Schools and EHCPs in independent settings (funded as a minimum of 40 places excluding independent)	£282.89

As with the Teachers' Pay Grant, the funding relating to high needs providers (excluding non-maintained special schools) will be paid to Derbyshire to distribute locally. Also available will be a Supplementary Fund which schools will be eligible to apply to if their actual costs are higher than the grant. Details of the process are yet to be announced but schools will be expected to meet an amount equal to 0.05% of their budget before receiving supplementary funding.

Further guidance is due in the autumn around funding for local authority centrally employed teachers and teachers at music education hubs. A separate grant will also be available for further education providers which includes local authority adult and community education.

8. Devolved Formula Capital (DFC)

This is a capital grant given to schools to maintain their buildings and fund small scale capital projects including ICT. Of the £3.2m allocation, £2m relates to local authority schools with the rest going to academies or the Diocese in the case of Voluntary Aided schools. Schools are given some flexibility on when to spend the

grant with a requirement for it to be spent at the end of three academic year from the date the grant is received (i.e. the 2019/20 grant should be spent by 31st August 2022). The funding rates remain the same as the previous year as shown below:

Devolved Formula Capital 2019/20	Maintained School / Academy	Voluntary Aided School / Academy
Per school sum	£4,000	£4,320
Nursery / Primary pupil	£11.25	£12.15
Secondary pupil	£16.88	£18.23
Post-16 pupil	£22.50	£24.30
Special / PRU pupil	£33.75	£36.45

VA school figures are adjusted by 8% to take into account the impact of Governors' contributions and eligibility for VAT. In addition to the annual grant allocations, schools receiving devolved formula capital also received an additional one-off sum announced in the 2018 budget. This was paid to schools in 2018/19 (£5.5m in Derbyshire including Diocese and academy payments) and follows the normal rules for DFC expenditure.

Author: Karen Gurney (x38755)

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

6 August 2019

**Joint Report of the Executive Director for Children's Services and the Director
of Finance & ICT**

REVENUE OUT-TURN 2018/19 – CHILDREN'S SERVICES

1. Purpose of Report

To report the final revenue out-turn position for 2018/19 for the Children's Services department.

To identify significant variations of expenditure from the budget and assess the impact of growth items approved as part of the 2018/19 budget settlement.

To report on progress against achievement of budget reductions.

To note the transfers to and from reserves.

To note the expected impact of the 2018/19 out-turn on future years and any actions proposed.

To report the final out-turn of the 2018/19 Dedicated Schools Grant (DSG).

2. Information and Analysis

2.1 Summary

Attached as Appendix 1 to this report is a summary statement setting out the final controllable out-turn position for Children's Services (CS) for 2018/19.

Net controllable expenditure in 2018/19 was £104.557 million, compared with a budget of £100.337 million after transfers to and from reserves, resulting in a controllable overspend of £4.220 million. The main variances on controllable expenditure are itemised overleaf.

The spending by the Authority on the Schools' Budget financed by the Dedicated Schools Grant (DSG) and EFA 6th form funding was £392.205 million, compared with in-year grant income of £387.773 million and planned use of previous years' grant income of £3.625 million, a net overspend of £0.807 million.

2.2 Explanation of Major Variances – Children's Services Budget

The table below provides more information on the variances from budget during 2018/19.

Appendix 1 provides the detail of actual spending and budget in-year for each service.

The main variances from budget are:

Item	(Under)/ Overspend (£ million)
Block purchase accommodation The department has entered into block purchase arrangements with providers of accommodation for care leavers, unaccompanied asylum-seeking children and 16/17 year olds as this results in a lower unit cost of accommodation per week than individual spot purchases. During 2018/19, a greater proportion of the places available have been taken by 16/17 year olds. The providers cannot claim housing benefit for young people under the age of 18 and so the cost charged to the department is higher than that assumed when the budget was set.	0.545
Residential provision – outside agencies Expenditure has increased by £1.303 million compared to 2017/18 and the overspend is due to both increased numbers of children who are placed in residential care with outside agencies and an increase in the costs of those agencies meeting the needs of the children placed with them.	2.939
Special Guardianship Special Guardianship Orders run from when a child is placed with a carer until the child turns 18. Expenditure has increased by £0.275 million compared to 2017/18 and this increase and the overspend against budget is due to a continued increase in the number of children being supported by these arrangements.	0.646

Item	(Under)/ Overspend (£ million)
<p>Disabled Children's Services Direct payments to support disabled children and their families have increased by £0.383 million compared to 2017/18 and comprise a large part of the overall overspend of £0.840 million on payments supporting children and their families. A further £0.243 million of the overspend is on placements for disabled children where there has been an increase in spend of £0.357 million compared to 2017/18. This increase is due to an increase in places provided by external agencies. The balance of the overspend is due to a budget reduction applied to the service which has not yet been achieved.</p>	1.613
<p>Adoption support The overspend is mainly due to increased expenditure on adoption fees to other organisations for finding adoptive families for Derbyshire children.</p>	0.428
<p>Other including Legal Charges £1.215 million of this overspend is due to the cost of legal proceedings, comprising court fees and payments for legal support and advice, exceeding the available budget. Costs have increased by £0.832 million compared to 2017/18 and the rise is due to an increase both in the number of proceedings and in the complexity of cases which results in more specialist advice, support and reports being required.</p>	1.325
<p>Asylum seeking children The underspend is due to a lower number of children and young people being supported during 2018/19. Additionally, the mix of young people by age has meant that a greater proportion of costs have been covered by the grants from the Home Office than assumed in the budget.</p>	(0.688)
<p>Fostering by outside agencies Expenditure has increased by £1.598 million compared to 2017/18. The increase in expenditure and the overspend against allocated budget is due to the increased numbers of children in care leading to an increase in the number of placements with external agencies where Derbyshire foster families are unable to provide a foster home. This can be due to no placements available with Derbyshire foster families or the needs of the child/children cannot be met by Derbyshire foster families, for example larger sibling groups.</p>	2.341

Item	(Under)/ Overspend (£ million)
<p>Semi-independent living for children in care</p> <p>Expenditure has increased by £0.776 million compared to 2017/18. The overspend is due to the increase in the number of children in care and the consequent rise in the numbers of young people who are accommodated by the Authority.</p>	1.121
<p>Youth Service/Multi-agency Early Help teams</p> <p>The underspend is due to vacant posts within the teams during 2018/19.</p>	(1.606)
<p>Contribution from schools and Dedicated Schools Grant (DSG) to Early Help Offer</p> <p>The overspend is due to a shortfall in the contributions. A number of schools are opting to provide early help and support to children and young people themselves or via other arrangements. Introduction of new formulae for calculating the allocation of the DSG to local authorities coupled with new requirements mean that the level of support originally envisaged can no longer be provided.</p>	1.424
<p>Support to families in need</p> <p>Expenditure has increased by £0.171 million compared to 2017/18. The main reason for the increase is an increase in the number of families in need who are seeking financial support. This appears to be linked to the introduction of universal credit and families affected during and after transition to new arrangements. There is also an increase in the number of families who have no other recourse to public funds where support payments have been made</p>	0.507
<p>Home to School Transport – SEN and post-16 SEN</p> <p>Expenditure has increased by £1.192 million compared to 2017/18. Transport to PRUs which is now charged to the Authority budgets has increased costs by £0.430 million and transport to provision in other Local Authority schools has increased by £0.509 million. Aside from the costs relating to attendance at PRUs, the increases and the overspend against budget are due to the increase in both numbers of students with educational needs being transported to provision and an increase in the costs of transport due to an increase in the proportion of sole journeys rather than shared vehicles and in the increased need for specialist vehicles for some children with complex needs.</p>	1.979

Item	(Under)/ Overspend (£ million)
<p>Pooled budget for children with complex needs</p> <p>This is a shared arrangement (section 75) between the Authority and the Derby and Derbyshire CCGs pooling resources and expenditure of meeting the needs of children with the most complex needs. An increase in the number of children and young people qualifying for access combined with an increase in the costs of placements has led to an increase in costs above the levels budgeted. The gross overspend has been shared with the CCGs and the overspend shown here represents the cost to the Authority.</p>	0.497
<p>One-off items, releases from reserves, unallocated budget and temporary reductions in spend</p> <p>The underspend comprises net temporary underspends due to vacancies, additional grant income or other resources of £2.603 million. Expenditure has been held back where possible to mitigate against the overspends within Children's Services due to the demand pressures being experienced on Social Care costs in particular. In addition, of the budget growth allocated for 2018/19, £1.763 million was not required for 2018/19 as expenditure will not commence until 2019/20. The largest element of this was £1.087 million for Social Workers where despite best efforts not all posts have yet been recruited to and, of those that were, there was not a full-year cost for 2018/19. The department holds £0.598 million unallocated budget but this will be allocated during 2019/20 to support overspending demand led budgets such as placements for children in care. Earmarked reserves of £0.803 million for Unifi and undertaking the historical abuse enquiry have been released as no further work is now planned on these activities. The residual balance is primarily overhead recovery from those services that are trading with schools and other organisations.</p>	(6.296)
<p>Other</p> <p>Where other services have underspent, this is mainly due to savings when vacancies have remained unfilled for part of the year</p>	(2.555)
Total	4.220

The expenditure for 2018/19 also includes £0.022 million for the deficit balances of schools which have converted to become Academies due to the direction of the Secretary of State for Education.

2.3 Pressures and Growth items

At its meeting on 7 February 2018, Council awarded the following ongoing increases to the 2018/19 budget (excluding inflation and pay award):

	£ million
Increased numbers of Social Workers to bring Caseloads per worker to recommended levels	1.300

To support the increase in the numbers of looked after children, placements and children in need	7.000
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Increased costs of Unaccompanied Asylum Seeking Children (UASC) due to expected increase in numbers following dispersal of UASC to English local authorities.	1.000
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Recognition of Legal Fees budget pressure due to increase in number and complexity of court proceedings.	0.166
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In addition, the following one year-only increases to the 2018/19 budget were agreed by Council:

	£ million
Increases to numbers of Social Workers	4.000

To support the increase in the numbers of looked after children, placements and children in need	4.000
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Finance, HR and School Improvement support to secondary schools (for 2018/19 and 2019/20)	0.380
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Development of new offer for care leavers reflecting revised statutory duties	0.402
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Additional Child Protection staff	0.150
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Use of Pressures and Growth funding

Changes to the organisation of Social Workers have been introduced during 2018/19 including the introduction of the role of Practice Supervisor and the expansion of the size of Social Care teams across the County and supporting disabled children. The aim of these changes is to ensure that the workers have appropriate caseloads to manage and are supported with these.

Recruitment to posts has taken place throughout the year, however, it has been difficult to fill posts with permanent staff and, at the end of March 2019, 98 posts remained unfilled. This shortfall is currently being covered by around 50 FTE Agency Social Workers and the Authority is working to reduce this

reliance on agency staff and increase the number of permanent employed staff during 2019/20.

Children's Services reported an overspend in 2017/18 of which a large element was driven by the costs of supporting children in care, including placement costs, and children in need. The funding allocated for demographic pressures was distributed across these areas of expenditure within the Children's Services budget to bring them into line with costs as projected at the start of 2018/19.

The number of UASC being supported by the Authority at the end of the year is 36 under 18s in care and 22 over 18s of which 32 of the under 18s and all of the over 18s are young people dispersed to Derbyshire under the national scheme. The number of over 18s has increased from 2017/18, however, the rate of increase has been much lower than that experienced during 2017/18 and net expenditure has been below the allocated budget.

Expenditure on legal costs associated with court proceedings for children in care exceeded budget in 2017/18 and the additional funds were allocated to bring the budget closer to expected levels of expenditure for 2018/19.

The number of LA schools with difficulties in setting a balanced financial plan has increased and the Authority has continued to provide support through its 'Team Around The School' approach, working with heads and governors. This work will continue during 2019/20.

During 2018/19, the Child Protection Service staffing was increased. This enabled the Child Protection Service to extend the role of the Child Protection Manager to undertake quality assurance activities and reporting. Since this investment, there has been some reduction in the number of children subject to protection plans. However, recently, the number of children on plans has risen again. The outlook for 2019/20 is to retain the additional staffing which will lead to a continued overspend for which the department was allocated one year budget funding of £0.102 million for 2019/20.

2.4 Progress against budget reductions

Budget reductions for 2018/19 totalled £2.906 million which were applied to individual services. Progress on achieving each budget reduction item is reported below:

Title	Value £m	Achieved at 31/3/2019 £m	Progress update
Sport & Outdoor Education	0.180	0.107	The service's budget was reduced and against that lower budget allocation, the service recorded a £0.073 million overspend. Reductions in net expenditure have been achieved by increasing income generating opportunities, however, this is becoming increasingly challenging. The service has a further budget reduction of £0.180 million to achieve for 2019/20.
Aftercare	0.150	0.210	Although there has been an increase in care leavers being supported, greater use has been made of accommodation provided through block purchases rather than more expensive spot purchases.
Section 17, Flexible Budgets and ELE support	0.082	0.010	ELE (Enriching Learning Experiences) expenditure for children in care by Social Care teams has ceased as this is now available from pupil premium funding allocations. The reduction in expenditure is £0.010 million compared to 2017/18. Section 17/Flexible budget expenditure overall is higher than in 2017/18 than 2018/19 due to both an increase in the numbers of families being supported and an increase in the number of families requiring greater support such as families without recourse to public funds and families transferring to Universal Credit payments. There is no evidence that a reduction in expenditure has been achieved.
Preventing Family Breakdown	0.040	0.040	This budget reduction has been achieved due to a post which became vacant and has not been replaced.

Title	Value £m	Achieved at 31/3/2019 £m	Progress update
SEND team restructure	0.275	0.275	The replacement of statements of SEN by Education Health and Care plans has created pressures within the teams and further restructure of the services has not taken place. The budget reduction has been covered in 2018/19 by use of a Government grant for SEN reform which has allowed the capacity of the teams to be maintained. For 2019/20, the department was allocated pressure funding to reverse this budget reduction due to the work pressures being experienced within the service.
Access & Inclusion	0.153	0.153	Budget reduction achieved, two posts have been removed.
Finance	0.021	0.021	Budget reduction achieved, the number and total cost of individuals working within the service has reduced compared to 2017/18
HR & Workforce Development	0.178	0.178	Net expenditure of the service has reduced compared to 2017/18
Quality, Performance & Participation	0.110	0.020	A review was commissioned during summer 2018 to evaluate the Department's approach to participation, including the Derbyshire Youth Council, advocacy service and independent visiting service. This identified some scope to increase efficiency, which has enabled the achievement of £0.020 million savings during 2018/19. The review concluded that the achievement of further savings would require a more fundamental re-design of the approach to participation. Further consideration is being given to the options identified.
Information and ICT	0.030	0.030	Reductions have been made in the number of software systems used by the department, achieving a saving in licence costs

Title	Value £m	Achieved at 31/3/2019 £m	Progress update
Ongoing Pensions payments	0.148	0.148	This reduction in expenditure has been achieved including absorption of all but £0.019 million of the inflation increase to payments for which no increase in budget was allocated.
Education Psychology	0.115	0.149	The service has achieved a reduction in net costs that exceeds the original estimate.
Care Leavers Employment Project	0.162	0.030	A small saving has been made due to a post becoming vacant which has not been filled. Children's Services is looking at the roles and function of the team as part of developing a new offer for care leavers following the decision to bring the main care leaver service back in-house from July 2019.
Donut Arts Centre	0.078	0.072	Net costs of the service have been reduced in line with the reduction in subsidy which will be removed entirely in 2019/20.
Joint Projects	0.011	0.011	The contribution by the Authority ceased.
Increase in contribution to costs from grant funded services	0.070	0.014	Although the services were charged for costs, Music Partnership has recorded an overspend against the grant. The plan for 2019/20 will be set to ensure that this contribution can be made. Adult Education has not achieved the targets required by ESFA and has recorded an overspend due to the need to set aside funds pending a clawback.
Reduction in Early Help	0.300	0.300	This has been achieved by not filling vacant posts
Catering	0.211	0.211	The service is now covering its allocated overhead costs for 2018/19
Subscriptions	0.025	0.000	Subscriptions have been reviewed and to date, none has been identified that can be ceased.

Title	Value £m	Achieved at 31/3/2019 £m	Progress update
Adoption placements	0.143	0.000	This was envisaged following the creation of the Regional Adoption Agency for the East Midlands which was launched in April 2019. The Authority is committed to paying a fixed amount initially, moving to a more demand-led charge after the new organisation has bedded down. The savings are still anticipated to be achieved in the future.
Education Services Grant	0.455	0.455	LA schools are contributing a top slice from their delegated budgets to cover the costs of the functions that the Authority undertakes on their behalf.

2.5 Transfers to/from Reserves and Provisions

Provisions

As at 1/4/2018 £1.081 million

As at 31/3/2019 £1.375 million

Increase £0.294 million

The provision is for educational placements of young people who are attending FE colleges and specialist post-16 provision.

Reserves (excluding Dedicated Schools Grant and School Balances)

As at 1/4/2018 £13.207 million

As at 31/3/2019 £9.133 million

Decrease £ 4.074 million

An analysis of the reserves and the movements is contained at Appendix 2

2. 6 Outlook for future years

The budget for Children's Services for 2019/20 includes allocations for existing pressures of £17.379 million. Of this, £7.632 million has been added to the ongoing budget and the intention has been signalled in the five-year financial plan to embed a further residual £3.600 million for the increase in Social Workers and other demand pressures into the base budget over time, subject to future decisions by Council. This allocation of additional resources will go some way to alleviating the overspend that has been reported for 2018/19, although the Authority remains vulnerable to the increasing costs of the council meeting its statutory functions of keeping children safe from harm.

The five-year financial plan sets out the additional budget reductions estimated to be required to ensure a balanced budget in future years and Children's Services is expected to contribute to the delivery of its share of those reductions. In addition to the pressures of reducing resources, the number of children in Derbyshire is increasing, in common with many other areas in England. The pressure and demand for more costly specialist services is increasing, further increasing the likelihood of increased costs of supporting children and families if they reach a crisis point. The department is currently remodelling its direct provision of Early Help services and is establishing a transition team to develop the capabilities of other partner agencies.

The Government has now introduced a national funding formula for schools. Once the transition to the formula is complete, primary schools in Derbyshire will be around £10 million better off, although not all schools would gain. Secondary schools generally fare less well, with many now reliant on protected funding levels.

Children's Services is increasingly reliant on its trading relationship with schools and failure to fund schools adequately for inflation and the costs they face is likely to have an adverse impact on Children's Services and other parts of the Authority that rely on trading with schools. In addition, if schools cannot balance their budgets and fall into deficit and are then required by the Department for Education (DfE) to convert to Academy status due to poor performance, the school deficit remains with the Authority.

2. 7 Dedicated Schools Grant (DSG)

The DSG is a ring-fenced grant comprising four individual blocks – Schools Block, High Needs Block, Early Years Block and Central School Services Block. Allocations of the blocks are governed by the Schools and Early Years Finance Regulations. Any underspend or overspend on the grant is carried forward to future years.

Expenditure was £383.192 million, compared with in-year grant income of £378.759 million and use of previous years' grant income of £3.625 million, a

net overspend of £0.808 million. The table below shows the analysis of this variance by area and the later paragraphs provide a brief narrative on the reasons for the variances.

	Allocated Resources (£ million)	Expenditure/ (Income) (£ million)	(Under)/over spend in year (£ million)
High Needs Block – top-ups	39.504	43.522	4.018
High Needs Block – places	14.583	14.583	-
High Needs Block – LA provided services	13.214	13.276	0.062
High Needs Block – Other central budgets	2.255	2.150	(0.105)
2 year-olds provision	4.630	4.586	(0.044)
3 & 4 year-olds in Private Voluntary and Independent (PVI) settings, schools and academies	33.888	33.913	0.025
Nursery Schools	0.786	0.786	-
Central Early Years	2.164	1.895	(0.269)
Individual Mainstream School Budgets (LA only)	271.351	271.351	-
School KS1 class size fund	1.101	0.810	(0.291)
Schools' re-pooled budgets	3.864	3.613	(0.251)
Schools' top-sliced funds	1.564	1.377	(0.187)
Other central budgets	4.810	4.527	(0.283)
Total Expenditure	393.714	396.389	2.675
Grant Income	(389.530)	(391.398)	(1.868)
Grant for High Needs Block paid directly to Academies and FE colleges	(4.184)	(4.184)	-
(Under)/Overspend	-	0.808	0.807

2.7.1 High Needs Block

The overspend on High Needs block DSG budgets was £3.975 million compared to the original plan. This plan did not take account of the additional allocation of £1.600 million of additional High Needs Block funding announced by the DfE in the last quarter of 2018/19. The overspend was entirely incurred on top-ups with £2.356m of this due to greater than planned spend on special school provision provided by other local authorities and the independent and non-maintained sector. There was also an overspend compared to plan of £0.769 million on post-16 top-ups. The remainder of this overspend was mainly due to higher top-ups for secondary schools and academies (£0.562 million) and increased direct payments (£0.290 million).

2.7.2 Early Years

The underspend on Central Early Years is due to vacancies which were held during the year. The Authority's early years funding rate has been reduced further from April 2019, thus reducing the amount that the LA is permitted to hold centrally in 2019/20.

2.7.3 Central Expenditure

The underspend on schools' re-pooled funding is ring-fenced and proposals for its use will be discussed with the School Forum during 2019/20. The underspend on other central budgets was as the result of the approved plan to hold £0.300 million of the 2018/19 DSG unallocated so that it could be transferred to the reserve for pre & post-opening grants for new schools.

2.7.4 Grant Income

Grant income was higher than planned mainly due to the Government announcement of additional High Needs Block funding of £1.600 million in December 2018. The balance of the grant income is due to the adjustments arising between the amount of grant deducted from the Authority when schools convert in-year compared to the amount of resources attributed to those schools. This is because when a school converts to become an Academy, it is entitled to 80% rate relief, thus producing a saving in-year for the Authority.

2.7.5 DSG Reserves

The table below shows the accumulated DSG reserves at 31 March 2019.

	£ million
Balance brought forward 1 April 2018	10.036
Use of reserves	
Supporting 2018/19 planned expenditure	(2.046)
Funding adjustment to 2017/18 DSG in respect of Early Years	(1.579)
2018/19 DSG overspend	(0.807)
Balance c/f 31/3/2019	5.604
Analysed as:	
Schools re-pooled funding	1.464
Existing commitments	0.120
Early Years contingency	0.115
Pre & Post-opening grants – new schools	1.400
To support 2019/20 High Needs and Early Years budgets	1.611
Uncommitted DSG reserves	0.894

2.8 Proposals for use of unspent Dedicated Schools Grant (DSG)

The Authority has seen considerable increase in expenditure within the High Needs Block and has been drawing on its reserves to supplement the grant allocation. The table above shows that these resources are almost fully utilised and, if demand continues at current levels, the Dedicated Schools Grant will be overspent and in a deficit position by the end of 2019/20. The Authority is undertaking a review of its use of the High Needs Block grant to ensure that it is allocated as effectively as possible and can continue to provide the additional support that children and young people need.

With these funding positions, no proposals are currently offered for the use of the DSG, save to hold the balances as a contingency against overspend.

2.10 Individual Schools' Balances

Collectively, school and PRU budgets overspent in-year by a total of £1.660 million after allowing for the reduction in balances of £4.053 million due to schools converting to academy status. The following table shows an analysis of schools' balances as at 31 March 2019 compared with the position at 31 March 2018.

	Nurs (£ million)	Prim (£ million)	Sec (£ million)	Spec (£ million)	PRU (£ million)	Total (£ million)
Balance as at 31 March 2019	0.455	20.846	1.598	1.551	0.141	24.550
Balance as at 31 March 2018 – schools remaining maintained	0.503	20.730	3.094	1.544	0.397	26.269
Balance as at 31 March 2018 – schools converted to academy in 2018/19	-	1.792	1.133	0.797	0.331	4.053
Net Increase/(Decrease) (£ million)	(0.058)	(1.649)	(2.629)	(0.790)	(0.587)	(5.713)
March 2019 surplus balances (£ million)	0.445	21.557	3.380	1.551	0.425	27.359
March 2018 surplus balances (£ million)	0.503	23.131	5.509	2.341	1.216	32.700
March 2019 deficit balances (£ million)	-	0.711	1.782	-	0.285	2.778
March 2018 deficit balances (£ million)	-	0.636	1.281	-	0.488	2.405

	Nurs	Prim	Sec	Spec	PRU	Total
March 2019 number of schools with surplus	8	259	12	6	2	287
March 2018 number of schools with surplus	8	281	16	10	8	323
March 2019 number of schools with deficit	-	23	5	-	4	32
March 2018 number of schools with deficit		22	5	-	3	30

In addition to the £24.550 million held by schools, £1.463 million is held in the Schools' Capital Reserve account as at 31 March 2019 along with other reserves for school commitments which have not been charged yet to individual school budgets. The Schools' Capital Reserve holds earmarked funds for future capital developments at individual schools in order to minimise the distorting effect of holding these funds within their own school balances.

Where governing bodies of schools have difficulties in setting a balanced budget, the Authority ensures that those schools have access to curriculum planning, HR and finance advice to help with their planning for future years.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered – legal and human rights, human resources, equality and diversity,

health, environmental, social value, transport, property and prevention of crime and disorder.

4. Background Papers

Files held in Children's Services Finance - Accountancy section.

5. Key Decision

Yes

6. Call-in

Is it necessary to waive the call-in period in respect of the decisions being proposed within this report? No

7. OFFICER RECOMMENDATIONS

- 7.1 That the out-turn position, variations of expenditure from budget, impact of 2018/19 growth allocations and progress in achieving budget reductions be noted.
- 7.2 To note the transfers to and from reserves outlined in the report.
- 7.3 To note the expected impact of the 2018/19 outturn on future years and planned actions.
- 7.4 To note the final outturn of the 2018/19 Dedicated Schools Grant.

JANE PARFREMENT
Executive Director for
Children's Services

PETER HANDFORD
Director of Finance & ICT
Corporate Resources

County Hall
MATLOCK

Appendix 1.

Children's Services Department Out-turn 2018/19

(Excluding expenditure funded by Dedicated Schools Grant)

	Controllable outturn (£ million)	Controllable budget (£ million)	Variance - (under) /overspend (£ million)
Strategic Director			
Senior Management Team	0.641	0.597	0.044
Finance	0.366	0.412	(0.046)
HR & Workforce Dev	1.021	1.069	(0.048)
Closed buildings	0.081	-	0.081
	2.109	2.078	0.031
Early Help & Safeguarding			
Aftercare service	1.254	1.234	0.020
Other support for care leavers	0.563	0.950	(0.387)
Block purchase accommodation	1.525	0.980	0.545
Residential prov'n – outside agencies	7.739	4.800	2.939
Children's Homes	4.405	4.121	0.284
Contract Care	1.803	2.036	(0.233)
Special Guardianship	3.571	2.925	0.646
Disabled Children's Services	8.295	6.682	1.613
Fostering service	2.878	2.999	(0.121)
Adoption service and support	3.191	2.763	0.428
Other including Legal Charges	3.622	2.297	1.325
Asylum-seeking Children	0.180	0.868	(0.688)
Youth Offending	2.044	2.149	(0.105)
Services for Teenagers	0.881	0.965	(0.084)
Starting Point	2.110	2.094	0.016
Fostering by DCC carers	3.208	3.330	(0.122)
Fostering by outside agencies	7.591	5.250	2.341
Semi-independent living for children in care	2.056	0.935	1.121
Youth Service	1.799	2.402	(0.603)
Social Work teams	13.363	14.677	(1.314)
Multi-agency Early help teams	8.483	9.486	(1.003)
Contribution from schools and DSG	(5.261)	(6.685)	1.424
Children's Centres	2.295	2.402	(0.107)

	Controllable outturn (£ million)	Controllable budget (£ million)	Variance - (under) /overspend (£ million)
Business Services support	2.331	2.618	(0.287)
Support to families in need	1.002	0.495	0.507
Contribution from Troubled Families grant	(1.900)	(1.900)	-
	79.028	70.873	8.155
Schools & Learning			
School Improvement	(0.124)	-	(0.124)
Music Partnership	0.058	0.016	0.042
Elective Home Education	0.196	0.091	0.105
Adult Education	6.641	6.464	0.177
Education Welfare and Inclusion	0.084	0.244	(0.160)
Ed Psychologists	1.557	1.591	(0.034)
Home to School Transport – Mainstream	4.205	4.240	(0.035)
Home to School Transport – SEN & post-16	10.054	8.075	1.979
Development	0.388	0.342	0.046
Virtual School (not funded by DSG)	0.171	0.204	(0.033)
Special Educational Needs (not funded by Dedicated Schools Grant)	1.748	1.470	0.278
Sport and Outdoor	0.513	0.440	0.073
Other school related income and academy conversion deficits	(0.002)	0.014	(0.016)
	25.489	23.191	2.298
Performance, Quality and Partnerships			
Quality Assurance	1.003	0.910	0.093
Business Services & premises	1.094	1.166	(0.072)
Information & ICT	1.323	1.389	(0.066)
Child Protection	2.174	1.959	0.215
Local Safeguarding Children Board	0.126	0.134	(0.008)
Derbyshire Information, Advice and Support Service	0.202	0.188	0.014
	5.922	5.746	0.176

	Controllable outturn (£ million)	Controllable budget (£ million)	Variance - (under) /overspend (£ million)
Countywide Commissioning			
Child & Adolescent Mental Health	0.359	0.359	-
Pooled Budget for children with Complex needs	2.088	1.591	0.497
Commissioning Team	0.526	0.585	(0.059)
Services for Schools	0.186	0.187	(0.001)
Domestic Abuse services	0.268	0.268	-
	3.427	2.990	0.437
Added years pensions – former staff	5.000	4.981	0.019
Redundancies and Pension Shortfall costs	0.185	0.185	-
Grant Income	(14.961)	(14.961)	-
Uncommitted budget releases from reserves and other temporary reductions in spend.	(1.642)	5.254	(6.896)
Total – Children’s Services	104.557	100.337	4.220

**Children's Services Reserves 2018/19
(excluding Dedicated Schools Grant)**

	Opening Balance (£ million)	Increase / (Decrease) (£ million)	Closing Balance (£ million)
Primary Teachers Sickness Pooled Premium Reserve	0.511	(0.016)	0.495
Primary Non-Teachers Sickness Pooled Premium Reserve	0.036	0.003	0.039
Foster Carer Home Adaptations	0.406	(0.144)	0.262
Children's Casework System	0.853	(0.107)	0.746
Assisted Boarding (was Higher Education – Children in Care)	0.210	(0.100)	0.110
Unifi project – children in care	0.176	(0.176)	-
Virtual School staffing	0.024	(0.024)	-
Troubled Families	4.161	(0.079)	4.082
SEND Reforms project	0.611	(0.466)	0.145
Prior Year underspend	2.053	(2.053)	-
Supporting various music grant bids	0.016	(0.016)	-
Schools Extranet development	0.010	-	0.010
Amenity & Youth Club funds	0.002	-	0.002
Standards Fund	1.540	(0.320)	1.220
Kitchen Manager system	0.020	(0.020)	-
Kitchen equipment and upgrades	0.239	(0.056)	0.183
Care leavers internships	0.215	(0.079)	0.136
Unaccompanied Asylum-seeking Children	0.064	0.179	0.243
Complex Inquiry	0.841	(0.841)	-
Youthinc grants	0.059	(0.059)	-
Youth Action Grants	0.375	(0.045)	0.330
Early Intervention Training	0.091	(0.033)	0.058
School Rates Refunds	0.399	0.201	0.600
High Needs Strategic Planning grant	0.295	(0.053)	0.242
School Organisation	-	0.230	0.230
	13.207	(4.074)	9.133

*Shown before deduction of 2017/18 overspend

Dedicated Schools Grant reserves

	Opening Balance (£ million)	Increase / (Decrease) (£ million)	Closing Balance (£ million)
Teaching Assistant funding pre-EHC plan	0.169	(0.090)	0.079
School MIS Implementation	0.076	(0.035)	0.041
School Access Initiative – capital	0.260	(0.260)	-
Dedicated Schools Grant – re-pooled budgets*	1.213	0.251	1.464
Early Years contingency reserve	0.115	-	0.115
New Schools Transition funding	1.100	0.300	1.400
Dedicated Schools Grant	7.103	(4.599)	2.504
	10.036	(4.433)	5.603

*Ring-fenced for schools' use

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Agenda Item No: 5B

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

6 August 2019

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

**SCHOOL BUDGETS: DEFICIT BALANCES AND RECOVERY PLANS BRINGING
BUDGETS INTO BALANCE OVER MORE THAN ONE FINANCIAL YEAR**

1. Purpose of Report

To seek approval to requests from governing bodies of schools with budget deficits to implement budget plans in order to repay the deficits over more than one year, and to report on the schools which have still to agree a deficit recovery plan.

2. Information and Analysis

Section 4.9 of the "Derbyshire Scheme for Financing Schools" provides that a governing body unable to prepare a balanced budget may make a formal request to the Cabinet Member for Young People to implement a plan to bring the school's budget into balance over more than one year. Cabinet Member approval is required where a school plans to operate a deficit exceeding:

- Nursery/primary/special schools
BOTH 3% of the budget share AND £10,000
- Secondary schools
EITHER 3% of the budget share OR £150,000

Before making such a request, the school must demonstrate to officers from Children's Services and Corporate Finance that all other options have been exhausted. Approval to repay a deficit is normally only allowed over a maximum of three years. However, additional years may be granted if, in the opinion of the Executive Director for Children's Services, the school's ability to deliver the national curriculum would otherwise be seriously jeopardised and that no other reasonable course of action is available.

The estimated balances and pupil numbers of the schools included to this report are provided in Appendix 1.

2.1 Requests to balance the budget over more than one year

Two-year budget plan:

- Fairmeadows Foundation Primary School

- Longstone CE Aided Primary School
- Parkside Community School

Three-year budget plans:

- Ashbourne Hill Top Primary
- Charlesworth Primary School
- Anthony Gell School

Four-year budget plan:

- William Allitt School

2.2 Schools without agreed budget plans

Despite best efforts, a small number of schools have not been able to produce plans to bring their budgets back into balance. These schools are:-

- Brookfield Primary School
- Glossopdale School
- New Mills School

The above three schools continue to work closely with the Local Authority to address their deficit position.

Brookfield Primary School and Glossopdale School are being supported by the Authority's Team Around The School (TATS) processes, and further meetings of senior LA officers are planned with the schools' governors and senior leadership teams to identify long-term financial solutions.

Following its recent inspection Glossopdale will potentially be required to convert to academy status, probably by the end of the current financial year. If this happens then any accumulated deficit at the point of conversion would remain with the Authority. To give an indication of the risk, Appendix 1 shows the estimated deficit at 31st March 2020 as being ~£0.746 million for which there is no provision in the Children's Services budget.

With regard to New Mills School, at the end of 2017-18 the school had an accumulated deficit of £0.922 million which reduced to £0.743 million at the end of 2018-19. Based on the projections in Appendix 1 the deficit will reduce slowly over the next 3 years so that at the end of 2020-21 the deficit will have fallen to £0.620 million. The school is a relatively small secondary school with limited scope to make further savings whilst still delivering a robust curriculum.

3. Financial Considerations

Whilst the projections reflect the impact of the national funding formula on individual schools, they assume there will be no increase in funding over the planning period i.e. no increases to national funding formula multipliers. The cost projections, however, assume a 2% pay increase each year.

The government's next spending review is due to take effect from April 2020 and any increase in funding would obviously help the schools covered by this report to address their deficits more quickly.

The problems faced by the small number of schools in this report have to be seen in context. At 31st March 2019, the Authority was responsible for 313 schools of which 28 reported a deficit at the end of 2018-19, ~8.9% of the total. Of these, only the three listed in section 2.2 are struggling to provide a recovery plan which clears the accumulated deficits in full.

Against this broadly positive picture, the current school funding arrangements now present a greater financial risk to the Authority. If a school with a deficit converts to academy status, then that deficit is likely to remain with the Authority.

Extensive work takes place to help schools avoid getting into deficit. Where a school does have financial difficulties, the need to manage these problems, and the associated risks to the LA, have to be balanced against the needs of the children currently in the school and the impact on teaching and learning of potential savings strategies.

4. Other Considerations

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

5. Background Papers

Held in School Support Finance.

6. Key Decision?

No

7. Officers' Recommendations

- (i) To allow the schools detailed in section 2.1 of this report to recover their budget deficits over two to four financial years;
- (ii) To ask the Cabinet Member to note the position of the three schools in section 2.2 that are currently unable to submit a balanced budget recovery plan
- (iii) Require the governing bodies of the three schools in 2.2 to agree and submit plans to the Authority by the end of the current financial year that eliminate the accumulated deficits within a timeframe acceptable to the Authority; and
- (iv) To note the potential financial risk to the Authority should Glossopdale convert to academy status

Jane Parfremment – Executive Director for Children's Services
Peter Handford – Director of Finance & ICT

Requests to balance the budget over 2, 3 or 4 years

Appendix 1

	Pupil Numbers		2019-20		2020-21		2021-22		2022-23	
School	Oct 2018	Oct 2019 est	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget
Fairmeadows Foundation Primary	206	210	-76,933	-9.90	12,502	1.56				
Longstone CE Aided Primary	103	105	-18,220	-4.31	3,109	0.72				
Parkside Community	417	493	-99,447	-3.98	83,129	2.83				
Ashbourne Hill Top Primary	118	133	-20,763	-4.15	-6,674	-1.20	28,321	4.57		
Charlesworth Primary	100	111	-61,295	-13.64	-26,235	-5.39	576	0.11		
Anthony Gell	753	808	-148,708	-4.15	-109,106	-2.88	16,432	0.41		
William Allitt	720	661	-395,211	-11.01	-302,860	-9.16	-105,947	-3.13	109,208	3.14

Schools without agreed balanced budget plans

	Pupil Numbers		2019-20		2020-21		2021-22		2022-23	
School	Oct 2018	Oct 2019 est	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget
Brookfield Primary	179	177	-180,410	-22.61	-225,354	-27.95	-234,227	-27.50	-311,923	-37.51
Glossopdale	1064	1155	-746,032	-13.98	-826,843	-14.75	-616,143	-10.04	-566,500	-9.15
New Mills	517	569	-718,941	-27.40	-716,951	-24.92	-661,191	-21.80	-620,076	-20.00

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