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Agenda Item 4a

**DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE**

3rd March 2020

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

**BUDGET MONITORING 2019-20 – PERIOD 9 (as at 31 December 2019)
(YOUNG PEOPLE)**

1. Purpose of the Report

To provide the Cabinet Member with an update of the Revenue Budget position of the Young People portfolio for 2019-20 up to the end of December 2019 (Period 9).

2. Information and Analysis

2.1. Forecast Summary

The net controllable budget for the Young People portfolio is £108.745m.

The Revenue Budget Monitoring Statement prepared at period 9 indicates that there is a projected year-end overspend of between £8.178m to £8.349m depending on whether the rate of placements for children in care for the remainder of the financial year levels off or continues the trajectory seen over the past six months. Based on known placements to end of December, the projected overspend is £8.077m.

The Council has earmarked £1.382m within the budget management reserve to contribute to this overspend.

The forecast outturn position includes the following significant items of income which may not continue at the same level in future years.

£6.756 million – Dedicated Schools Grant income transferred to contribute to costs incurred within Children’s Services supporting Early Help services and children with additional needs.

The significant areas which make up this projection are shown in the table below:

	Controllable Budget £m	Projected Actuals £m	Forecast Over/(Under) Spend £m
Placements for Children in Care/unable to remain at home	32.264	38.836	6.572
Support for Children with Disabilities	5.560	6.544	0.984
Children’s Safeguarding services	35.096	36.626	1.530
Early Help & Preventative Services	6.471	7.098	0.627
Home to School Transport	13.679	14.996	1.317
Education support services	3.939	4.911	0.972
Management, Finance, ICT and other support services	4.880	4.741	(0.138)
Pensions payable to former staff	4.818	5.006	0.187
Redundancy	1.764	1.764	0.000
Other grant income	(3.373)	(3.371)	0.002
Unallocated budget	3.647	(0.329)	(3.976)
Total	108.745	116.822	8.077
Use of reserve – budget management	1.382	0.000	(1.382)
Total after use of reserves	110.127	116.822	6.695

2.2. Key Variances

2.2.1. Placements for Children in Care/Unable to remain at home, overspend £6.572m.

The overspend has increased since that reported for October due to new placements and is due to a greater number of placements required than can be funded from the current allocated budget.

Placement numbers have continued to rise steadily during the year in line with increases in the number of children in care.

- 2.2.2. Support for children with disabilities, overspend £0.984m
The projected overspend has broadly remained in line with that previously reported. The increased demand for support and the complex needs of some individuals have led to the costs exceeding the allocated budget.
- 2.2.3. Children's Safeguarding services, overspend £1.530m
The department is recruiting to increase the number of social workers to respond to the increased numbers of cases that require the involvement of the Authority. Some of these posts are being filled by social workers from staffing agencies at a greater cost than employed staff. The authority has taken measures to increase its attractiveness as an employer to social workers so that it can reduce its reliance on agency staff and now pays a market supplement for social workers. Spend on social workers is expected to exceed budget by £0.892m due to the cost of agency workers being employed but no longer being offset by savings from vacant posts. Child protection team staff costs are also projected to exceed budget by £0.475m due to the number of children currently with child protection plans. In addition, payments for non-placement support costs for children in care and preventative support for children and families in need are expected to exceed the budget by £0.959m. Contributing to rising costs are increases in the number of children in care, costs of accommodating children whilst court proceedings are concluded and short-term support connected with Universal Credit. These overspends are partly offset by vacancies within administrative staff supporting the social care teams.
- 2.2.4. Early Help and Preventative services, overspend £0.627m
The overspend is because of a shortfall compared to budget in the contributions from schools towards the Early Help Offer.
- 2.2.5. Home to School Transport, overspend £1.317m
There is increasing projected spend on transport for children with special educational needs (SEN) due to both an increase in the number of journeys that are being provided and in the cost of each journey. The increase in cost is due to by both economic factors affecting contractors and an increased need for more specialised vehicles.
- 2.2.6. Education Support services, overspend £0.972m
There are several areas that are overspent. The educational psychology and planning and assessment teams for children and young people with SEN are projected to be overspent by £0.632m due

to increased numbers of children with SEN. In addition, there are an increased number of children who are electively home educated and expenditure carrying out the Authority's statutory duties in respect of these children is projected to exceed the allocated budget by £0.101m.

2.2.7. Pensions payable to former staff, overspend £0.187m

These costs represent pensions obligations payable to staff previously employed. The majority of the cost relates to staff who left under efficiency programmes during the early 1990s.

2.2.8. Redundancies, break even

These costs include payments to school staff and other employees whose roles are expected to be redundant during 2019-20. Schools make a contribution to the expected costs of school staff redundancies from their individual school budgets.

2.2.9. Unallocated budget, underspend £3.976m

This represents the budget released as a result of the changes to the early help offer. It is being held to cover the anticipated loss of £1.767m of grant income that the government has signalled will be withdrawn in stages from 2020-21. It remains uncommitted in the interim to mitigate the department's overspend against its current budget. Also included is £0.776m relating to the Troubled Families reserve which is anticipated to be released in this financial year.

2.3. Budget Savings

Budget reductions totalling £3.013m were allocated for the year.

The value of the savings initiatives which have been identified for implementation in the current year is £3.013m.

It is forecast that £2.323m of savings will have been achieved by the year-end. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	Forecast to be Achieved by the end of 2019-20 £m	(Shortfall)/ Additional Savings Achieved £m
Catering	0.208	0.011	(0.197)
Ed Psychology	0.115	0	(0.115)
Children's Centres	1.000	1.215	0.215
Donut Centre	0.075	0	0.075

Sport, Outdoor and Residential Education (SORE)	0.180	0.056	(0.124)
Home to School transport	0.090	0	(0.090)
Care Leavers Employment Programme	0.162	0.086	(0.076)
Early Help	0.318	0.318	0
Business support functions	0.695	0.508	(0.187)
In-year temporary reductions	0.170	0.170	0
Total of Identified Savings Initiatives	3.013	2.363	(0.650)
Shortfall/(Surplus) of Identified Savings	0		
Total Savings Target	3.013		

Budget Reductions	£m
Prior Year B/f	0.000
Current Year	3.013
Total Savings Target	3.013

2.4 Growth Items and One-off Funding

The portfolio received the following additional budget allocations in 2019-20:

2.4.1 Social Worker recruitment - £1.300m ongoing, £2.600m one-off

This growth is part of a total allocation of £5.200m which is being added to Children's Services budgets over 4 years. The investment is being deployed to increase the number of social workers to ensure that caseloads for individual workers are at manageable levels for their experience.

2.4.2 Placement demand pressures - £3.000m ongoing, £5.000m one-off

This allocation recognised the increase in costs experienced within children's social care as a result of both an increase in the quantity of placements required and the increased cost due to an increase in the complexity of the needs of children and young people.

2.4.3 Home to School Transport SEN - £1.450m ongoing

The allocation recognised both the increased pressures of greater numbers of children and young people with SEN and an increased cost of journeys and an additional pressure of transporting children and young people to pupil resource units or alternative provision when

they have been permanently or temporarily excluded from mainstream schools.

2.4.4 SEND assessment and planning - £0.275m ongoing

The increase is to cover the staffing to assess and plan provision for children and young people with SEN.

2.4.5 Increase in Special Guardianship placements - £1.097m ongoing

This increase has ensured that the budget is in line with the current level of costs payable to family members and others who have taken parental responsibility for children under a special guardianship order.

2.4.6 Children's Homes - £0.450m ongoing

The increase is to close the gap that had emerged between the budget allocated for children's homes and the increased staffing necessary to meet the needs of children and young people placed in those homes.

2.4.7 Foster Carers - £0.060m ongoing

The allocation is to cover the cost of the inflation increase applied to foster care allowances from April 2019.

2.4.8 Care Leavers - £0.402m one-off

Legislation has been enacted which places additional statutory duties on the Authority for care leavers. There is a shortfall between the additional funding currently being received from central government and the costs being incurred by the Authority in meeting these additional duties.

2.4.9 Children's Participation - £0.080m one-off

The budget allocation is to cover a reduction applied to Children's Services in 2018-19. A review was conducted of the support provided to children and young people to participate in decision-making and consultation and there was a shortfall between the budget reduction applied and the savings that could be achieved. This allocation is temporary whilst the service looks to identify other options for consideration.

2.4.10 Child Protection - £0.105m one-off

The allocation is towards the costs of staff that are currently required to respond to the increased number of children on child protection plans. Staffing will be reduced if the number of children on plans reduces.

2.4.11 Complex Case pooled budget - £0.250m one-off

The budget has been allocated as a contingency for the Authority's contribution to the pooled budget, recognising the increasing levels of spend that have been incurred in recent years.

2.4.12 Mobile Working - £0.260m one-off

The allocation is to develop solutions that will enable more flexible working which is expected to result in cost benefits and improvements in up to date information.

2.4.13 Children in Care Legal Proceedings - £1.050m one-off

This allocation is for the costs of legal fees for court proceedings which have increased due to not only increased numbers of proceedings but also an increased use of external legal firms to present cases which has increased average costs per case.

2.5 Risks

There is a risk that the following issues could negatively impact on the portfolio's forecast outturn position reported in the Forecast Summary above:

Service	Risk	Sensitivity* £m	Likelihood 1=Low 5=High
Placements	Increased number of children requiring placements	Up to £0.5m	4
Social Care services	Increase in referrals meeting social care thresholds	Up to £0.1m	4
All	Data security breach resulting in fine	£0.500m	3
Social Care services	Inability to recruit and retain sufficient experienced workers	Up to £0.1m	5

*Sensitivity represents the potential negative impact on the outturn position should the event occur.

2.6 Earmarked Reserves

Earmarked reserves totalling £8.114m are currently held to support future expenditure. Details of these reserves are as follows:

Reserve Description	Amount £m
Troubled Families	3.856
Standards Fund (Schools)	0.707
Children's Services ICT Improvements	0.716
Rates refunds (schools)	0.686
Other (below £0.5m individually)	2.149
Total Earmarked Reserves	8.114

2.7 Debt Position

The profile of the debt raised, relating to income receivable by services within the Children's Services department, is as follows:

0-30 Days £m	31-365 Days £m	1-2 Years £m	2-3 Years £m	3-4 Years £m	4-5 Years £m	Over 5 Years £m	Total £m
0.406	0.771	0.068	0.035	0.006	0.013	0.007	1.305
31.1%	59.1%	5.2%	2.7%	0.5%	0.9%	0.5%	100%

In the 12 months up to the end of October 2019 the value of debt that has been written off totals £0.065m.

3. Financial Considerations

As detailed in the report.

4. Other Considerations

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

5. Key Decision

No

6. Call-in

No

7. Background Papers

Held on file within Children's Services Department. Officer contact details – Karen Gurney, extension 38755.

8. Officer Recommendations

That the Cabinet Member notes the report.

**Jane Parfremment
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**Peter Handford
Director of Finance
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