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Agenda Item No. 4 (a)

DERBYSHIRE COUNTY COUNCIL
CABINET MEMBER FOR YOUNG PEOPLE

4 August 2020

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

REVENUE OUTTURN 2019-20
(YOUNG PEOPLE)

1. Purpose of the Report

To provide the Cabinet Member with a report of the Revenue Outturn of the Young People portfolio for 2019-20.

2. Information and Analysis

2.1 Outturn Summary

The net controllable budget for the Young People portfolio is £109.318m.

The Revenue Outturn Statement for 2019-20 shows that there is a year-end overspend of £8.236m.

The Council had earmarked £1.382m within the budget management reserve to contribute to this overspend. After the application of this reserve the revenue outturn is an overspend of £6.854m.

The 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 the outturn are shown in the table below:

	Controllable Budget £m	Actual Expenditure £m	Over/(Under) Spend £m
Placements for Children in Care/unable to remain at home	31.763	39.173	7.410
Support for Children with Disabilities	5.560	6.293	0.733
Children's Safeguarding services	35.087	37.004	1.917
Early Help & Preventative Services	7.450	7.450	-
Home to School Transport	13.679	15.377	1.698
Education support services	3.905	4.739	0.834
Management, Finance, ICT and other support services	4.785	4.647	(0.138)
Pensions payable to former teachers and other staff	4.781	4.974	0.193
Redundancy	1.861	1.861	-
Other grant income	(3.604)	(3.964)	(0.360)
Unallocated budget	4.051	-	(4.051)
Total	109.318	117.554	8.236
Use of reserve – budget management	1.382	0.000	(1.382)
Total after use of reserves	110.700	117.554	6.854

2.2 Key Variances

2.2.1 Placements for Children in Care/Unable to remain at home, overspend £7.410m.

The overspend is due to a greater number of placements required than can be met 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. The needs of individual children and the availability of placements has also meant that there are an increased number of children placed in both more expensive fostering arrangements and more expensive residential provision

2.2.2 Support for children with disabilities, overspend £0.733m
The increased demand for support and the complex needs of some individual children has led to the costs exceeding the allocated budget.

2.2.3 Children's Safeguarding services, overspend £1.917m

The department has recruited during the year 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 have been temporarily filled by social workers from staffing agencies where suitably experienced permanent appointments could not be made. The cost of a social worker supplied by an agency is greater per worker 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 locality based children's social workers exceeded budget by £1.100m due to the cost of agency workers and the market supplement to employed staff. This was offset by savings in purchases, travel and other expenditure of £0.300m Child protection team staff costs exceeded budget by £0.414m due to the support required for the number of children with protection plans. In addition, payments for non-placement support costs for children in care and preventative support for children and families in need exceeded the budget by £1.094m. The causes of this rise in costs include increases in the number of children in care, costs of accommodating children whilst court proceedings are concluded and short-term financial support to families and carers pending commencement of Universal Credit support payments. These overspends are partly offset by vacancies within administrative staff supporting the social care teams.

2.2.4 Early Help and Preventative services, breakeven

The reconfiguration of Early Help and Preventative Services was completed during 2019-20.

2.2.5 Home to School Transport, overspend £1.698m

The overspend is principally 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 average cost of such journeys. The increase in cost is due to both economic factors affecting contractors and an increased need for more specialised vehicles to transport individual children.

2.2.6 Education Support services, overspend £0.834m

There are several areas that are overspent. The educational psychology and planning and assessment teams for children and young people with SEN are overspent by £0.621m due to increased numbers of children with SEN requiring assessment. 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 has exceeded the allocated budget by £0.105m.

The School Catering Service has reported a deficit of £0.137m which is attributable a greater spend on repairs and maintenance during the year than estimated in the budget.

2.2.7 Pensions payable to former teachers and other staff, overspend £0.193m

These costs represent pension obligations payable to teachers and other staff previously employed by the Authority. 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 employees including school staff whose roles were made redundant during 2019-20. The costs above represent the termination of employment costs due to the reconfiguration of the Early Help services. The costs of school based staff redundancies are funded by contributions from Authority schools on a shared risk basis.

2.2.9 Other Grant Income, underspend £0.360m

The majority of the underspend relates to a grant received from the Department for Education shortly before end March 2020. The grant has been awarded to the Authority to participate in a pilot scheme to encourage wider family involvement in providing support to children who are in need. The programme has been paused due to Covid-19 and it has been requested that the underspend of £0.302m be carried forward to 2020-21 to fund this programme when it restarts. Cabinet has also been requested to permit creation of an earmarked reserve for this grant.

2.2.10 Unallocated budget, underspend £4.051m

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 would be withdrawn in stages from 2020-21. The allocation for 2020-21 has been reduced by £0.353m. In addition, this budget will be used in future to offset the

reduction in contribution to the department's expenditure from the Troubled Families Grant which has been £1.900m per year. It remains uncommitted in the interim to mitigate the department's overspend against its current budget.

Also included is a release of £0.819m from the Troubled Families reserve. The remaining balance of this reserve is now earmarked to fund the Early Help transition team until its cessation in 2022.

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 calculated that £m of savings have been achieved by the year-end. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	Achieved by the end of 2019-20 £m	(Shortfall)/ Additional Savings Achieved £m
Catering	0.208	0	(0.208) ¹
Ed Psychology	0.115	0	(0.115)
Children's Centres	1.000	1.241	0.241
Donut Centre	0.075	0	0.075
Sport, Outdoor and Residential Education (SORE)	0.180	0	(0.180)
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	0.498	(0.197)
In-year temporary reductions	0.170	1.604 ²	1.434
Total of Identified Savings Initiatives	3.013	3.747	(0.734)
Shortfall/(Surplus) of Identified Savings	0		
Total Savings Target	3.013		

¹ Catering was affected by the closure of schools as part of the response to the Covid-19 pandemic. The service had a net shortfall of £0.469m income

due to reduced trading days resulting from school closures, offset by savings on food costs.

² Comprises vacancies during the year, additional grant funding received from DfE and use of reserves.

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. Costs have continued to increase during 2019-20 and further allocations have been approved for 2020-21.

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 was allocated 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 closed 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 covered 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 was temporary whilst the service looked 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 was 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 Earmarked Reserves

Earmarked reserves totalling £8.025m are currently held to support future expenditure. Details of these reserves are as follows:

Reserve Description	Amount £m
Troubled Families	3.894
Standards Fund (Schools)	0.726
Children's Services ICT Improvements	0.706
Rates refunds (schools)	0.721
Other (below £0.5m individually)	1.978
Total Earmarked Reserves	8.025

2.6 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
1.076	0.565	0.058	0.036	0.009	0.009	0.009	1.761
61.06%	32.09%	3.27%	2.03%	0.51%	0.53%	0.49%	100%

In the 12 months up to the end of March 2020 the value of debt that has been written off totals £0.042m.

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, karen.gurney@derbyshire.gov.uk

8. Officer Recommendations

That the Cabinet Member notes the report.

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**Peter Handford
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