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Agenda Item No. 4 (d)

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**

**BUDGET MONITORING 2020-21 – PERIOD 2 (as at 31 May 2020)
(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 2020-21 up to the end of May 2020 (Period 2).

To request approval for the creation of an earmarked reserve to cover the expected costs of additional staff within Elective Home Education.

2. Information and Analysis

2.1 Forecast Summary

The net controllable budget for the Young People portfolio is £116.912m.

The Revenue Budget Monitoring Statement prepared at period 2 indicates that there is a projected year-end overspend of £2.578m plus a further £1.400m to £3.000m depending on whether the current provision of placements for children in care levels off or continues the trajectory seen over the past 12 months.

This includes the impact of Covid-19 which is estimated at £2.059m and comprises mainly loss of income from services supported by trading. This will be supported by use of £2.059m additional Covid-19 funding. After the use of this funding the forecast position is an overspend of £0.519m.

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

£1.390 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	37.998	40.659	2.661
Support for Children with Disabilities	5.573	6.052	0.479
Children’s Safeguarding services	36.008	35.814	(0.194)
Early Help & Preventative Services	7.858	7.255	(0.603)
Home to School Transport	15.490	15.724	0.235
Education support services	4.392	6.004	1.612
Management, Finance, ICT and other support services	4.876	4.698	(0.179)
Pensions payable to former teachers and other staff	4.538	4.951	0.413
Redundancy	0.033	0.033	0.000
Other grant income	(2.057)	(2.066)	(0.009)
Unallocated budget	2.204	0.080	(2.124)
Specific Covid 19 costs	0.000	0.287	0.287
Total	116.912	119.490	2.578
Use of Covid-19 Funding	2.059	0.000	(2.059)
Total after use of reserves	118.971	119.490	0.519

2.2 Key Variances

2.2.1 Placements for Children in Care/Unable to remain at home, overspend £2.661m.

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. A planned introduction of a specialist fostering service for children with disabilities has been deferred for one year due to the tender closing date coinciding with the Covid19 pandemic, resulting in no tenders to provide this service.

2.2.2 Support for children with disabilities, overspend £0.479m

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, underspend £0.194m

The department is underspending on admin and clerical support to social workers and overspending on social workers where some posts remain filled by agency workers to ensure an appropriate mix of experience in each locality. The cost of a social worker supplied by an agency is greater per worker than employed staff

2.2.4 Early Help and Preventative services, underspend £0.603m

The underspend is due to vacant posts in Multi-Agency Teams, Children's Centres, Youth support and Youth Offending Support.

2.2.5 Home to School Transport, overspend £0.235m

The projections include the supplier relief support grants being paid to providers who would normally provide transport of pupils to school. There is considerable uncertainty about future costs as both schools and transport contractors consider how to meet the government's objective of all children returning to school from September. This projection is based on the current contracts in place only.

2.2.6 Education Support services, overspend £1.612m

The largest element of this overspend is a projected overspend of £1.552m for Sport and Outdoor Residential education. Scheduled programmes have

ceased and staff at residential centres are providing respite accommodation and activities to children in care.

The School Catering Service has also been providing a much reduced service but has requested that schools continue to pass through funding that they receive from DfE for provision of Free School Meals. This projection assumes that schools accede to this request.

2.2.7 Pensions payable to former teachers and other staff, overspend £0.413m

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. Although the numbers of pensions being paid reduces year to year, the cost of the annual increase in respect of those pensions still in payment leads to this divergence from the allocated budget.

2.2.8 Unallocated budget, underspend £2.124m

This underspend comprises £0.425m of budget pressures funding which has not yet been allocated because either projected spend is lower than the existing allocated budget (legal fees) or because staff have not yet been appointed. There is a further £0.282m which has been allocated to the department due to increases in NI and Employer pension contributions which has not yet been allocated to services. Finally, there is £1.658m of grant funding of which the largest item is the allocation from the Dedicated Schools Grant of £1.390m. No announcements have been made about the continuation of these funding streams beyond 31 March 2021.

2.3 Budget Savings

Budget reductions totalling £2.350m were allocated to Children's Services for the year.

The value of the savings initiatives which were originally identified for implementation in the current year is £2.350m.

It is forecast that £1.207m 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 2020-21 £m	(Shortfall)/ Additional Savings Achieved £m
Care Leavers Employment project	0.162	0.162	0
Donut Centre	0.081	0.081	0
Early Help	0.167	0.167	0
Outdoor Education ¹	0.130	0	(0.130)
Education Psychology ¹	0.039	0	(0.039)
PAUSE contract ²	0.143	0.143	0
Local Children's Safeguarding Board	0.025	0	(0.025)
Remote & Mobile working	0.235	0.235	0
Home to School Transport (3 initiatives)	0.160	0	(0.160)
Information & ICT ¹	0.035	0	(0.035)
Pensions	0.236	0.236	0
Disability – Step Down ³	0.300	0	(0.300)
Accommodation of Children in care	0.450	0	(0.450)
Finance	0.037	0.033	(0.004)
Business Services Support	0.150	0.150	0
Total of Identified Savings Initiatives	2.350	1.207	(1.143)
Shortfall/(Surplus) of Identified Savings	0		
Total Savings Target	2.350		

¹ Originally intended to be achieved by generating additional income from sales to schools and Academies, plans affected by Covid-19.

² The PAUSE contract will avoid future costs.

³ Tender deadline coincided with restrictions to prevent spread of Covid-19 and no responses achieved.

Budget Reductions	£m
Prior Year B/f	0.000
Current Year	2.350
Total Savings Target	2.350

2.4 Growth Items and One-off Funding

The portfolio received the following additional budget allocations in 2020-21:

2.4.1 Social Worker recruitment - £1.300m ongoing, £1.300m 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 - £11.000m ongoing

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 continue to increase during 2020-21 and there is concern over the wellbeing of children who have been less visible to school professionals during the first part of 2020-21.

2.4.3 Home to School Transport SEN - £1.000m ongoing, £0.971m one-off

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 - £0.600m 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 - £0.336m 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 Foster Carers - £0.100m ongoing

The allocation covered the cost of the inflation increase applied to foster care allowances from April 2020.

2.4.7 Care Leavers - £0.498m 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.

2.4.8 Child Protection - £0.500m ongoing

The allocation is towards the costs of staff that are currently required to respond to the increased number of children on child protection plans.

2.4.9 Children in Care Legal Proceedings - £1.100m one-off

This allocation is for the expenditure associated with 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.

2.4.10 Support to Achieving Great Futures - £0.108m one-off

To fund staff seconded to the project to review the pathways for people with disabilities and the services provided to them by the Authority.

2.4.11 Preventative Support to Families - £1.000m one-off

Expenditure supporting the children and families that the department works with has been increasing as the number of referrals and children identified as in need increases.

2.4.12 Elective Home Education - £0.207m one-off

The number of children who are educated at home by choice has been increasing leading to an increased need for staff to visit and assess the education provision to those children.

The service has commenced recruitment of the additional assessors required and these staff will be employed on one year contracts. The contracts will span across both the 2020-21 and 2021-22 financial years and therefore approval is requested to create an earmarked reserve up to £100,000 to hold the resources required to fund the costs of the newly recruited staff where their contracts extend into 2021-22.

2.4.13 Service Transformation - £0.438m one-off

To identify opportunities to improve service quality and efficiency and work with managers to bring this change about.

2.4.14 Quality Assurance SEND & Fostering - £0.214m one-off

To introduce new processes that will enable managers to analyse the performance of the Fostering and SEND services.

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 £3.000m depending should the trajectory of increase experienced in 2019-20 continue	4
Catering	The service is funded from income from schools and academies for pupils entitled to free meals as well as parental income for paid for meals. Schools and Academies have been asked to continue making payments to support the service.	Up to £3.000m depending on the response of schools and academies to this request	3
All	Data security breach resulting in fine	£0.500m	3
Home to School transport	Maintaining current recommended social distance guidelines could change how the LA transports children to school where it has a statutory duty to do so. There could be significant additional cost.	Up to £10.000m	4

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

2.6 Earmarked Reserves

Earmarked reserves totalling £7.926m 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)	1.879
Total Earmarked Reserves	7.926

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
0.053	0.691	0.030	0.013	0.005	0.008	0.005	0.806
6.56%	85.78%	3.77%	1.60%	0.62%	1.00%	0.66%	100%

There has been a significant reduction in the value of invoices raised by the department due to the closure of schools to most children and the cessation of the majority of services traded with schools.

In the 12 months up to the end of June 2020 the value of debt that has been written off totals £0.045m.

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.

That the Cabinet Member approves the creation of an earmarked reserve to cover the employment costs of additional Elective Home Education staff which are expected to be partially incurred in 2021-22.

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