

FINANCE MONITORING REPORT – AUGUST 2019

To: Children and Young People Committee

Meeting Date: 8 October 2019

From: Executive Director: People and Communities
Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable **Key decision:** No

Purpose: To provide the Committee with the August 2019 Finance Monitoring Report for People And Communities Services (P&C).

The report is presented to provide the Committee with the opportunity to comment on the financial position as at the end of August 2019.

Recommendations: Committee are asked to

- a) Review and comment on the report
- b) Recommend to GPC a £920k increase in the overall scheme budget of Cromwell Community College to be funded by prudential borrowing as outlined in section 2.4.2.

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1.0 BACKGROUND

- 1.1 The revised Finance Monitoring Report will be at all scheduled substantive Committee meetings (but not reserve dates) to provide the Committee with the opportunity to comment on the financial position of the services for which the Committee has responsibility.
- 1.2 This report is for the whole of the P&C Service, and as such, not all of the budgets contained within it are the responsibility of this Committee. Members are requested to restrict their attention to the budget lines for which this Committee is responsible, which are detailed in Appendix A, whilst the table below provides a summary of the budget totals relating to the Children and Young People (CYP) Committee:

Forecast Variance Outturn (Previous)	Directorate	Budget 2019/20	Actual August 2019	Forecast Outturn Variance
£000		£000	£000	£000
650	Children's Commissioning	29,708	10,645	650
0	Communities & Safety - Youth Offending Service	2,163	850	0
0	Communities & Safety - Central Integrated Youth Support Services	1,399	461	0
750	Children & Safeguarding	59,852	24,175	750
6,300	Education	87,830	34,384	7,300
0	Executive Director and Central Financing	1,543	310	0
8,700	Total Expenditure	182,496	70,826	8,700
-7,000	Grant Funding (including Dedicated Schools Grant etc.)	-73,872	-29,400	-7,000
1,700	Total	108,624	41,426	1,700

Please note: Strategic Management – Commissioning covers all of P&C and is therefore not included in the table above.

1.3 Financial Context

As previously discussed at CYP Committee the major savings agenda continues with £99.2m of savings required across the Council between 2017 and 2022.

Although significant savings have been made across the directorate the service continues to face demand pressures.

Despite a decrease in the numbers of children in care they still remain above budgeted levels. Significant work is underway to reduce high cost placements, however the placement market is saturated, with independent fostering agency (IFA) providers having limited vacancies which results in children going into higher cost residential placements. However, there has been seeing a net increase in, in-house fostering placements which is contributing towards planned savings.

The continuing increase in the number of pupils with SEND and the overall complexity of need

has resulted in significant pressures on both the High Needs Block element of the Dedicated Schools Grant (DSG), and core Local Authority budget. Work is ongoing with key stakeholders, including Schools Forum, to reduce costs and deliver a recovery plan of the current deficit.

As previously reported In 2018/19 we saw a total DSG overspend across SEND services of £8.7m which, combined with underspends on other DSG budgets, led to a deficit of £7.2m carried forward into 2019/20. Given the ongoing increase in numbers of pupils with EHCPs it is likely that a similar overspend will occur in 2019/20, however this will become clearer as we move towards the start of the new academic year and planned actions to deliver savings are implemented. Current estimates forecast an in-year pressure of approximately £7m. This is a ring-fenced grant and as such overspends do not currently affect the Council's bottom line but are carried forward as a deficit balance into the next year.

2.0 MAIN ISSUES IN THE AUGUST 2019 P&C FINANCE MONITORING REPORT

2.1 The August 2019 Finance Monitoring report is attached at Appendix B. At the end of August the P&C forecast overspend has a revised position of £2,972k. This includes additional budget allocations as agreed by the General Purposes Committee in July.

2.2 Revenue

Despite a positive reduction in overall costs relating to Staying Put and Unaccompanied Asylum Seeking Children (Over 18) budgets, an increase in Supervised Contact spend has resulted in the Children in Care forecast remaining at £350k. The service is working to mitigate these pressures by reviewing all applicable arrangements in order to attempt to bring into line with the amount of government funding available

There have been no other significant changes since July and as such at the end of August the core funded budgets relating to Children's and Education services continue to have a forecast overspend of £1.7m.

The table below identifies the key areas of over and underspends within CYP alongside potential mitigating actions:

<p>Children in Care Placements</p> <p>Forecast year-end variance: +£650k</p>	<p>The key reasons for the overspend in this area is:</p> <ul style="list-style-type: none"> Recent activity in relation to gang related crime has resulted in additional costs and high cost secure placements being required [at an average weekly cost of £7000.00 per child]. 16 unaccompanied asylum seekers became Looked After in the last two months. An increase in the number of Children in Care in external placements [+20%] against a projected reduction. In real terms, as at 31 Aug 2019 we have a +6 number of children in external placements compared to 31 March 2019. The foster placement capacity both in house and externally is overwhelmed by demand both locally and nationally. The real danger going forward is that the absence of appropriate fostering provision by default, leads to children and young people's care plans needing to change to residential services provision. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> Monthly Placement Mix and Care Numbers meeting
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	<p>chaired by the Service Director and attended by senior managers. This meeting focuses on activity aimed at reducing the numbers in care, length of care episodes and reduction in the need for externally commissioned provision.</p> <ul style="list-style-type: none"> • Reconstitution of panels to ensure greater scrutiny and supportive challenge. • Introduction of twice weekly conference calls per Group Manager on placement activity followed by an Escalation Call each Thursday chaired by the Head of Service for Commissioning, and attended by each of the CSC Heads of Service as appropriate, Fostering Leads and Access to Resources. • Authorisation processes in place for any escalation in resource requests. • Assistant Director authorisation for any residential placement request.
<p>Children in Care</p> <p>Forecast year-end variance: +£350k</p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> • The unaccompanied asylum seeking children (UASC) budget is forecasting a pressure of £200k. This is mainly in the over 18 budget due to the increased number of children turning 18 and acquiring care leaver status. • The Staying Put budget is forecasting a pressure of £30k as a result of a number of staying put arrangements agreed for Cambridgeshire children in external placements. • The costs associated with supporting both these groups of young people are not fully covered by the grants from the Home Office and DfE respectively. • The Supervised Contact budget is forecasting a pressure of £120k. The over spend is due to the use of additional relief staff and external agencies required to cover the current Supervised Contact Cases. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • Continuing review of UASC placements resulting in young people being moved as appropriate to provisions that are more financially viable in expectation of a status decision. • Reviewing young people who are appeal rights exhausted. These reviews are likely to see a drop in accommodation spending as CCC discharge their duty to these young people in line with our statutory responsibilities under the immigration act. • Review of all staying put costs for young people in external placements to ensure that financial packages of support are needs led and compliant with CCC policy. • Review of Supervised Contact demand criteria across the cohort of Young People the service supports to include the review all of the cases that have completed proceedings to consider whether contact needs to continue to be supervised, if it does, does it need to be this service.

<p>Legal Proceedings</p> <p>Forecast year-end variance: +£400k</p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> Numbers of care proceedings per month increased by 72% for the period Feb to Apr 19 compared to the preceding 10 months. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> Work is ongoing to manage care proceedings and CP Plans and better track the cases through the system to avoid additional costs due to delay.
<p>High Needs DSG Funding</p> <p>Forecast year-end variance: +£7,000k</p> <p>DSG Funded</p>	<p>The key reason for the overspends in this area are:</p> <ul style="list-style-type: none"> Funding to Special Schools and Units - £3.0m - As the number of children and young people with an Education, Health and Care Plan (EHCP) increase, along with the complexity of need, we see additional demand for places at Special Schools and High Needs Units. The extent of this is such that a significant number of spot places have been agreed and the majority of our Special Schools are now full. High Needs Top Up Funding - £2.5m - As well as the overall increases in EHCP numbers creating a pressure on the Top-Up budget, the number of young people with EHCPs in Post-16 Further Education is continuing to increase significantly as a result of the provisions laid out in the 2014 Children and Families Act. This element of provision is causing the majority of the forecast overspend on the High Needs Top-Up budget. Out of School Tuition - £1.5m - There has been a continuing increase in the number of children with an Education Health and Care Plan (EHCP) who are awaiting a permanent school placement. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> A special educational needs and disabilities (SEND) Project Recovery team has been set-up to oversee and drive the delivery of the SEND recovery plan to address the current pressure on the High Needs Block.
<p>Home to School Transport - Special</p> <p>Forecast year-end variance: +£300k</p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> Continuing increases in pupils with Education Health Care Plans (EHCPs) and those attending special schools, leading to a corresponding increase in transport costs. Between April 2018 and March 2019 there was an 11% increase in both pupils with EHCPs and pupils attending special schools, which is a higher level of growth than in previous years. Increase in complexity of need resulting in assessments being made by the child/young person's Statutory Assessment Case Work Officer that they require individual transport, and, in many cases, a passenger assistant to accompany them.

	<p>Mitigating actions include:</p> <ul style="list-style-type: none"> • An ongoing review of processes in the Social Education Transport and SEND teams with a view to reducing costs • An earlier than usual tender process for routes starting in September to try and ensure that best value for money is achieved • Implementation of an Independent Travel Training programme to allow more students to travel to school and college independently. •
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2.4 Capital

- 2.4.1 The Capital Programme Board recommended that services include a variation budgets to account for likely slippage in the capital programme, as it is sometimes difficult to allocate this to individual schemes in advance. The allocation for P&C's negative budget has been calculated as below, updated for the transfer of Cultural and Community Services. Slippage and underspends expected in 2019/20 are currently resulting in £6.51m of the capital variations budget being utilised.

2019/20					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (Aug 2019) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Aug 2019) £000
P&C	-13,399	-6,511	6,511	48.6%	0
Total Spending	-13,399	-6,511	6,511	48.6%	0

- 2.4.2 **Cromwell Community College Expansion:** Archaeological and Highways issues have caused delays over the summer period resulting in increased costs to ensure that the scheme is completed in time. This increase is estimated at £920k and Members are requested to recommend to GPC that an increase in budget of this amount is agreed, to be funded through prudential borrowing. Officers will bring a detailed update to a later CYP Committee, outlining areas where efficiencies have been made on this scheme, as well as further areas that are being looked into which may result in the full £920k not being required.

3.0 2019-20 SAVINGS TRACKER

- 3.1 As previously reported the "tracker" report – a tool for summarising delivery of savings – will be made available for Members 3 times per annum. The savings tracker for 2019-20 contains savings of £10.8m within P&C, of which approximately £3.4m relate to budgets for which this Committee is responsible.

4.0 ALIGNMENT WITH CORPORATE PRIORITIES

4.1 A good quality of life for everyone

4.1.1 There are no significant implications for this priority.

4.2 Thriving places for people to live

4.2.1 There are no significant implications for this priority

4.3 The best start for Cambridgeshire's Children

4.3.1 There are no significant implications for this priority

5.0 SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

5.1.1 This report sets out details of the overall financial position of the P&C Service.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

5.2.1 There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications

5.3.1 There are no significant implications within this category.

5.4 Equality and Diversity Implications

5.4.1 There are no significant implications within this category.

5.5 Engagement and Communications Implications

5.5.1 There are no significant implications within this category.

5.6 Localism and Local Member Involvement

5.6.1 There are no significant implications within this category.

5.7 Public Health Implications

6.7.1 There are no significant implications within this category.

Source Documents	Location
As well as presentation of the F&PR to the Committee when it meets, the report is made available online each month.	https://www.cambridgeshire.gov.uk/council/finance-and-budget/finance-&-performance-reports/