

FINANCE MONITORING REPORT – JULY 2020

To: Children and Young People Committee

Meeting Date: 7 July 2020

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 May 2020 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 May 2020.

Recommendations: Committee are asked to:

- a) Review and comment on the report;
- b) Recommend the changes to the capital programme budgets from the Business Plan as summarised in Appendix C for approval by the General Purposes Committee:
 - i. Rephasing
 - ii. Scheme additions/reductions
 - iii. Additions/reductions in funding

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1.0 BACKGROUND

- 1.1 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 CYP Committee:

Directorate	Budget 2020/21 £000	Actual May 2020 £000	Forecast Outturn Variance £000
Children's Commissioning	23,197	2,149	0
Communities & Safety - Youth Offending Service	2,127	107	0
Communities & Safety - Central Integrated Youth Support Services	391	-371	0
Children & Safeguarding	58,704	7,391	350
Education – non DSG	34,133	2,421	2,393
Education – DSG	67,041	9,425	12,437
Total Expenditure	185,593	21,122	15,180
Grant Funding (including Dedicated Schools Grant etc.)	-77,174	-14,456	-12,437
Total	108,419	6,666	2,743

Please note: Strategic Management – Commissioning and the Executive Director policy lines cover all of P&C and is therefore not included in the table above.

2.0 MAIN ISSUES IN THE MAY 2020 PEOPLE AND COMMUNITIES FINANCE MONITORING REPORT

- 2.1 The May 2020 Finance Monitoring report is attached at **Appendix B**. Sections which do not apply to the Children and Young People (CYP) Committee have been highlighted in grey. At the end of May 2020, the overall People and Communities (P&C) position is an overspend of £11,676k; around 4.2% of budget. The majority of this, £10,459k, is in relation to forecast pressures as a result of the Covid-19 pandemic.

As referenced in other reports, the estimated financial impact on the Council has been submitted to the Ministry of Housing, Communities and Local Government (MHCLG). In many areas these remain indicative contingent on the length of disruption and the impact on activity levels, and as such these estimates will be further refined as the position becomes clearer. However, a number of internal business cases have been developed and will be presented at the July 2020 meeting of the General Purposes Committee (GPC) at which GPC will be asked to approve any necessary budget revisions or grant allocations to support the identified pressures at this stage.

2.2 Revenue

Although the current levels of actual spend in relation to Covid-19 are still low within Children's there are a number of areas which are likely to result in significant increased costs as a result of the pandemic:

- Potential increase in staff costs resulting from an increase in the number of referrals

leading to the need for assessments and longer term working with families within both early help and children's social care;

- Risks that some or all of anticipated savings targets in respect of budgets associated with children in care placement costs will not be achieved. This is because we expect a continuing placement shortage, meaning that unit costs are likely to increase. The effective launch of the Family Safeguarding approach in children's services has also been impacted by Covid-19, with challenges in respect of recruiting and training adult practitioners. Family Safeguarding is associated with lower numbers of children in care, and delayed full implementation of the approach may mean that numbers in care do not fall as expected over the remainder of this financial year.

Strategic Management – Children & Safeguarding is currently reporting a forecast pressure of £150k. This is the current additional costs associated with the use of the Grafham Water Centre to provide temporary accommodation to vulnerable young people should we be unable to place a young person with challenging behaviour in a suitable alternative during the Covid-19 crisis.

The Children's Disability Service is currently forecasting an over spend of £200k as a result of the need to increase individual care packages for children and young people with the highest level of needs in the event that they cannot attend their special school and/or there is a reduction in their usual care packages due to staff shortages across our short breaks provisions during the pandemic.

The Outdoor Centres are currently forecasting a £700k overspend. This is due to the loss of income as a result of Covid-19 closures of the centres until the end of the Summer Term.

Cambridgeshire Music is forecasting a £274k overspend. This is due to the loss of income directly from the impact of Covid-19 on the service to the end of Summer Term.

Within 0-19 Organisation and Planning, the Attendance and Behaviour service is forecasting a £197k overspend. This is due to the Government's decision not to issue penalty notice fines or initiate any legal proceedings on parents relating to school attendance at least until the end of the Summer Term. The Education Safeguarding team have also seen a loss of income in the summer term due to the cancellation of training courses.

Home to School Transport – Special - A significant increase in transport costs in the latter part of 2019/20 has resulted in an opening pressure of £800k. While an increase in pupils receiving SEND Transport of 10% a year has been included within the budget, we have seen an increase in the average cost of transport per pupil in excess of available budget. This is as a result of price inflation as well as complexity of need meaning that more pupils require individual taxis, passenger assistants or a specialised vehicle. In two cases, private ambulances have had to be provided due to the severity of the children's medical needs following risk assessments undertaken by health and safety and insurance colleagues.

Home to School Transport – Mainstream is forecasting an overspend of £200k. As reported in 2019/20 we are seeing significant increases in the costs being quoted for routes in some areas of the county. Where routes are procured at particularly high rates these are agreed on a short-term basis only with a view to reviewing and retendering at a later date in order to reduce spend where possible, however there is no guarantee that lower prices will be secured in future.

Dedicated Schools Grant (DSG) – An additional appendix has been included within Appendix B (Appendix 1a) to provide a detailed breakdown of all DSG spend within P&C. The budget figures are net of recoupment for academies and high needs place funding, and as

such are subject to change should more schools convert during the year.

Based on current available funding levels compared to the continuing increase in the number of children and young people with an EHCP, and the complexity of need of these young people the underlying pressure on the High Needs Block element of the DSG funded budgets is estimated to be in the region of £12.4m for 2020/21. This is prior to the implementation of any significant savings initiatives which form part of the SEND Recovery Plan, other than a reduction in funding devolved to secondary schools through the Behaviour and Attendance Improvement Partnerships (BAIP's) to be implemented from September. Due to Covid-19 it is likely that a number of the remaining savings initiatives will be delayed and as such savings not realised until later in the year.

When added to the existing DSG deficit of £16.6m brought forward from previous years the potential deficit at the end of 2020/21 is significant. This is a ring-fenced grant and, as such, overspends do not currently affect the Council's bottom line however there is increasing scrutiny and challenge from the DfE to manage the deficit and evidence plans to reduce spend. The level of deficit also impacts on the Council's overall cash-flow position and as such senior officers have written to the DfE on several occasions to request support in this matter. Based on the most recent response they are hoping to issue guidance in the next few weeks about processes for holding discussions with local authorities about DSG deficits.

2.4 Capital

- 2.4.1 The P&C Capital Plan for 2020/21 has reduced by £13.4m since the Business Plan was published, resulting in a revised budget of £48.3m. This significant reduction is due to the combination of schemes being removed, delayed into future years, and savings made on the overall value of projects. There have also been changes to some of the sources of funding of the capital programme.

A summary of these changes can be seen in **Appendix C** to this covering report.

- 2.4.2 The Capital Programme Board recommended that services include a variations budget 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. Slippage and underspends expected in 2020/21 are currently resulting in £98k of the capital variations budget being utilised.

2020/21					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (May) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (May) £000
P&C	-7,541	-7,541	98	1.3%	0
Total Spending	-7,541	-7,541	98	1.3%	0

3.0 2020-21 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.

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

4.4 Net zero carbon emissions for Cambridgeshire by 2050

- 4.5 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
None	