Agenda Item No: 14

FINANCE AND PERFORMANCE REPORT – OCTOBER 2017

To:	**Children and Young People Committee**
Meeting Date:	**5 December 2017**
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 October 2017 Finance and Performance report for People And Communities Services (P&C), formerly Children's, Families and Adults Services (CFA).** **The report is presented to provide the Committee with the opportunity to comment on the financial and performance position as at the end of October 2017.**
Recommendation:	**The Committee is asked to review and comment on the report**

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1.0 BACKGROUND

1.1 A Finance & Performance Report for People and Communities (P&C), formerly Children, Families and Adults Directorates (CFA) is produced monthly and the most recent available report is presented to the Committee when it meets.

1.2 The report is presented to provide the Committee with the opportunity to comment on the financial and performance position of the services for which the Committee has responsibility.

1.3 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 1, whilst the table below provides a summary of the budget totals relating to the Children and Young People (CYP) Committee:

Forecast Variance Outturn (Sept) £000	Directorate	Current Budget 2017/18 £000	Actual to end of Oct £000	Current Variance £000	Forecast Variance Outturn (Oct) £000
873	Children's Commissioning	24,388	12,823	1,083	2,157
-90	Communities & Safety	5,598	2,455	-253	-107
3,818	Children & Safeguarding	92,662	54,012	2,591	5,105
0	Education	19,973	10,834	-93	-98
4,600	**Total Expenditure**	**142,621**	**80,123**	**3,329**	**7,056**
-662	Grant Funding (including Dedicated Schools Grant etc.)	-47,693	-28,190	-1,020	-1,749
3,938	**Total**	**94,928**	**51,933**	**2,308**	**5,307**

Please note: Strategic Management – Commissioning, Executive Director and Central Financing budgets cover all of P&C and are therefore not included in the table above.

1.4 **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.

The required savings for P&C in the 2017/18 financial year total £20,658k.

2.0 MAIN ISSUES IN THE OCTOBER 2017 P&C FINANCE & PERFORMANCE REPORT

2.1 The September 2017 Finance and Performance report is attached at Appendix 2. At the end of October, P&C forecast a pressure of £5,562k. This is a worsening position from the previous month when the forecast was £4,388k.

As well as making savings through transformation, the service faces significant demand pressures, particularly in children's services related to the rising number of looked after children, a national trend. This month the report also acknowledges emerging pressures in Adults services, and risk will likely increase in this area as efforts to meet national delayed transfers of care targets step-up for winter.

The directorate is focused on identifying financial mitigations to offset pressures; seventeen service lines have already identified underspends and other areas are anticipating that they can improve their current position before year-end in the forecast submitted.

The whole directorate has been tasked with going further to improve the position. In many cases, planned transformation and demand management strategies are in progress and will deliver the expected savings ask although to a delayed timescale.

2.2 **Revenue**

The main changes to the revenue forecast variances within CYP Committees areas of responsibility since the previous report are as follows:

- In Commissioning, the Special Educational Needs (SEN) Placements budget is forecasting a pressure of £700k, an increase of £200k since last month. There has been a further increase since the beginning of this academic year in the number of children and young people placed in 52 week residential placements. This budget pays for the educational element of those placements and is funded from the Dedicated Schools Grant (DSG) High Needs Block.
- In Commissioning, the Out of School Tuition budget, within Commissioning Services is forecasting a pressure of £600k, an increase of £500k from last month. Following review of overall commitments the forecast has been updated to reflect the latest assumptions to the end of the year. 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. The delay is due to the nature and complexity of the needs of these children. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block.
- In Commissioning, the Home to School Transport – Special Budget is now forecasting a £340k pressure. This is due to a higher than expected number of transport applications from children attending special schools, with an increase of 6% in the number of Cambridgeshire pupils attending Special Schools in the first 7 weeks of Academic Year 17/18 compared to the same weeks in 16/17.
- In Commissioning, the LAC Transport budget is now forecasting a pressure of £450k, an increase of £200k from the previous month. The overall increase in Looked after Children has meant that more children are requiring Home to School Transport. Many of these children are placed out of county and/or at a significant distance away from their schools leading to high transport costs. In addition, the distances travelled to school have also increased with volunteer drivers covering an additional 37,500 miles compared to the same point last year.
- In Children & Safeguarding, the Strategic Management forecast pressure has increased by £335k since last month. This is due to the service not being awarded an expected grant from the Department for Education (DFE), anticipation of this grant had been built in as an income and this has now resulted in a shortfall in the required staffing budget.
- In Children & Safeguarding, the Children in Care budget is forecasting a pressure of £240k. This is an increase of £169k since last month. £150k of the overall pressure is due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them.

- In Children & Safeguarding, the Looked After Children (LAC) Placements budget is forecasting a pressure of £2,400k, an increase of £650k from the previous month. The increase is partly due to a reduction in the forecast savings in Supported Lodgings and The Hub due to late commencement of these resources coming on-stream.
- In Children & Safeguarding, the High Needs Top-Up budget is forecasting a pressure of £200k. Numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education providers continue to increase. This budget is funded from the DSG High Needs Block.

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

SEN Placements Forecast year-end variance: **+£700k** **DSG Funded**	The key reason for the pressure in this area is: • An increase in the number of children and young people who are LAC, have an EHCP and have been placed in a 52 week placement. Mitigating actions include: • SEND Sufficiency plan to be implemented. This sets out what is needed, how and when; • New special schools to accommodate the rising demand over the next 10 years; • Delivery of the SEND Commissioning Strategy and action plan to maintain children with SEND in mainstream education; • Work on coordination of reviews for ISEPs to look at returning in to county; and • A full review of all High Needs spend due to the ongoing pressures and proposed changes to national funding arrangements.
Commissioning Services – Out of School Tuition Forecast year-end variance: **+£600k** **DSG Funded**	The key reason for the pressure in this area is: • An increasing number of children with a Statement of Special Educational Needs / Education, Health and Care Plans (EHCP) out of school in receipt of alternative (tuition) packages. Mitigating actions include: • The introduction of a new process to ensure all allocations and packages are reviewed in a timely way and that there is oversight of moves back into full time school. • Development of in-house provision.
Home to School Transport - Special Forecast year-end variance: **+£340k**	The key reason for the pressure in this area is: • higher than expected number of transport applications from children attending special schools, with an increase of 6% in the number of Cambridgeshire pupils attending Special Schools in the first 7 weeks of Academic Year 17/18 compared to the same weeks in 16/17. Mitigating actions include: • A detailed review of children and young people currently travelling in high-cost single occupancy taxis to assess whether more cost-effective options are available • A strictly time limited review of the Personal Transport Budget (PTB) scheme looking at the current criteria, decision-making, reporting and monitoring processes and how these can be improved to deliver the planned savings.

Looked After Children – Transport Forecast year-end variance: **+£450k**	The key reason for the pressure in this area is: • The overall increase in Looked after Children requiring Home to School Transport. Mitigating actions include: • Review of current transports arrangements to identify instances where costs could potentially be reduced.
Strategic Management – Children & Safeguarding Forecast year-end variance: **+£1,021k**	The key reasons for the pressure in this area are: • Historical unfunded pressures of £886k. These consist of £706k around the use of unfunded agency staffing and other unfunded posts totalling £180k. • an additional £335k is due to the service not being awarded an expected grant from the DFE, anticipation of this grant had been built in as an income and this has now resulted in a shortfall in the required staffing budget. • This has been offset in part by £200k of additional vacancy savings. Mitigating actions include: • Pressures continue to be monitored and reviewed at the CCP work stream project meetings, by Senior Management Team and at the P&C Delivery Board with the intention of any residual pressures being managed as part of the 2018/19 Business Planning round.
Children in Care Forecast year-end variance: **+£240k**	The key reasons for the pressure in this area are: • £150k due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them. • the use of additional relief staff and external agencies to cover the current 204 Supervised Contact Cases which equate to approximately 140 supervised contact sessions a week. Mitigating actions include: • Close liaison with the Home Office to advocate that decisions for individual young people are expedited in a timely way. • A systemic review of all supervised contact taking place across the service to ensure better use of staff time and costs.
Looked After Children Placements Forecast year-end variance: **+£2,400k**	The key reason for the pressure in this area is: • The continuing higher than budgeted number of LAC placements and forecast under-delivery of composition savings. The high number of IFA placements used. Mitigating actions include: • Weekly panel to review high-cost placements to ensure that the plans for children remain focussed and that resources are offering the best value for money. • Purchase placements reviews – scrutiny by placement officers and service/district managers to review emergency placements, changes of placements and return home from care planning to ensure that children are in the right placement for the right amount of time. • All new admissions to care have to be agreed at Assistant Director or Service Director level. • Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement. This will enable rapid

	de-escalation of crisis situations in families preventing admissions to care, and delivery of a holistic, creative team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services. • A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the P&C directorate to lead the Access to Resources function. This should result in more robust commissioning and a reduction in costs. • Increasing the number of in house foster carers.
Adoption Forecast year-end variance: **+£450k**	The key reasons for the pressure in this area are: • Requirement to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes. • Increased number of children being brought into care and needing permanency. • The continuation of historical adoption/SGO allowances and a lower than expected reduction from reviews of packages or delays in completing reviews of packages Mitigating actions include: • Ongoing dialogue with CCA to identify more cost effective medium term options to recruit more adoptive families to meet the needs of our children. • A programme of reviews of allowances continues which is resulting in some reduction of packages, which is currently off-setting any growth by way of new allowances.
Legal Forecast year-end variance: **+£550k**	The key reason for the pressure in this area is: • The increased number of Care Applications (52% between 2014/15 and 2016/17). Mitigating actions include: • Use of a legal tracker to more effectively manage controllable costs.
Children's Disability Service Forecast year-end variance: **+£168k**	The key reason for the pressure in this area is: • The increase both in the number of support hours, a high cost individual case and in the number of joint funded health packages. Mitigating actions include: • Reviewing the costs of current packages and in particular support levels for our young people. • Increase in direct payments • Introduction of a monthly multi-agency resource panel co-chaired by operations and commissioning to ensure all packages only address need and represent value for money.
High Needs Top-Up Funding Forecast year-end variance: **+£200k** **DSG Funded**	The key reason for the pressure in this area is: • The continuing increase in numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education providers. Mitigating actions include: • SEND Sufficiency plan to be implemented. This sets out what is needed, how and when; • A full review of all High Needs spend due to the ongoing pressures and proposed changes to national funding

	arrangements.

2.4 **Capital**

The Capital Programme Board recommended that services include a variation budget to account for likely slippage in the capital programme, as it is sometimes difficult to allocate this to individual schemes in advance. As forecast underspends start to be reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up until the point where slippage exceeds this budget. The allocation for P&C's negative budget adjustments has been calculated as follows, shown against the slippage forecast to date:

2017/18					
Service	**Capital Programme Variations Budget £000**	**Forecast Variance - Outturn (Sept) £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Revised Forecast Variance - Outturn (Sept) £000**
P&C	-10,305	-1,208	1,208	11.8%	-
Total Spending	-10,305	-1,208	1,208	11.8%	-

2.5 **Performance**

Of the twenty-three P&C service performance indicators eleven are shown as green, four as amber and eight are red.

Of the Children and Young People Performance Indicators, six are green, two are amber and five are red. The five red performance indicators are:

1. Number of children with a Child Protection Plan per 10,000 population under 18
2. The number of looked after children per 10,000 children;
3. %16-18 year olds NEET and unknown
4. The FSM/Non-FSM attainment gap % achieving level 4+ in reading, writing and maths at Key Stage 2.
5. The FSM/Non-FSM attainment gap % achieving 5+ A*-C including English and maths at GCSE.

2.6 **P&C Portfolio**

The major change programmes and projects underway across P&C are detailed in Appendix 8 of the report – none of these is currently assessed as red.

3.0 2017-18 SAVINGS TRACKER

3.1 As previously reported the "tracker" report – a tool for summarising delivery of savings – will be made available for Members on a quarterly basis.

4.0 ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

4.1.1 There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

4.2.1 There are no significant implications for this priority

4.3 Supporting and protecting vulnerable people

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, Risk and Legal 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 Consultation 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

5.7.1 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/