

FINANCE MONITORING REPORT – JULY 2019

To: Children and Young People Committee

Meeting Date: 10 September 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 July 2019 Finance Monitoring Report (formerly known as the Finance and Performance 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 July 2019.

Recommendations: Committee are asked to review and comment on the report.

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1.0 BACKGROUND

1.1 Previously the Finance & Performance Report for People and Communities (P&C) was produced monthly and the most recent available report presented to the Committee when it met. At the General Purposes Committee (GPC) meeting on 16 July 2019 it was agreed to revise the reporting of financial information to committees:

- a) Finance Reports – to be produced monthly and published online (May - Year End)
- b) Reported to Committees – to be presented at all scheduled substantive Committee meetings (but not reserve dates)
- c) Tracker – to be presented 3 times per annum

In respect of Performance data, service Committees will receive a quarterly performance report, based on a set of key performance indicators (KPIs) determined by the Committee which relate to the areas for which the Committee is responsible, and organised by outcome area. The performance report will provide an indicator to a page, with appropriate commentary, a chart of historical performance and a forecast of future performance.

1.2 The revised Finance Monitoring Report will be presented to provide the Committee with the opportunity to comment on the financial 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 A. The table below provides a summary of the budget totals relating to the Children and Young People Committee:

Forecast Variance Outturn (Previous)	Directorate	Budget 2019/20	Actual July 2019	Forecast Outturn Variance
£000		£000	£000	£000
350	Children's Commissioning	29,308	7,720	650
0	Communities & Safety - Youth Offending Service	1,784	592	0
0	Communities & Safety - Central Integrated Youth Support Services	1,399	385	0
750	Children & Safeguarding	57,357	19,638	750
6,300	Education	87,830	26,993	7,300
0	Executive Director and Central Financing	1,943	250	0
7,400	Total Expenditure	179,622	55,578	8,700
-6,000	Grant Funding (including Dedicated Schools Grant etc.)	-70,998	-22,762	-7,000
1,400	Total	108,624	32,816	1,700

Please note: Strategic Management – Commissioning covers all of P&C and is 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 up to 2022.

Although significant savings have been made across the directorate the service continues to face demand pressures, particularly in relation to the rising number of children in care, and those related to Special Educational Needs and Disabilities (SEND).

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 for the current deficit.

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

2.1 The July 2019 Finance Monitoring report is attached at Appendix B. At the end of July the forecast overspend has a revised position of £3,027k. This includes additional budget allocations as agreed by GPC in July.

2.2 Revenue

At the end of July the core funded budgets relating to Children's and Education services have a total overspend of £1.7m. The key areas of overspend contributing to this total are:

Children's

Children in Care is anticipating a pressure of c£350k across Staying Put (£133k) and Unaccompanied Asylum Seeking Children (Over 18) budgets (£300k). In both areas the central government grant does not match anticipated expenditure. These pressures are offset in part by a forecast underspend across Fostering, Supervised Contact and the Corporate Parenting Teams. The service is working to mitigate these pressures by reviewing all applicable arrangements in order to attempt to bring these into line with the amount of government funding available.

Children in Care Placements is forecasting a year end overspend of £650k, following an additional budget allocation of £350k as approved by GPC and the application of £400k of additional social care grant. Recent activity in relation to gang-related crime has resulted in further high cost secure placements being required. In addition, the numbers of children in care are yet to decrease to budgeted levels; though this is still expected in-year. In the last couple of months, 16 unaccompanied asylum seekers have needed to be accommodated. Current commitments are in the region of £1.7m and as such significant work is underway to reduce high cost placements, however the placement market is saturated, with IFA providers having no vacancies which results in children going into higher cost residential placements. We are seeing a net increase in, in-house fostering placements which is contributing towards planned savings.

Legal Proceedings is forecasting a £400k overspend. This is directly linked to the number of care proceedings per month which increased by 72% for the period February to April 2019 compared to the preceding 10 months. There are currently 183 live care proceedings and whilst we saw a reduction in new cases in May/June 2019, legacy cases and associated costs are still working through the system and causing significant pressure on the legal budget. The spike in proceedings is related to the new model of specialist teams, and greater scrutiny and management oversight. This has resulted in the identification of children for whom more urgent action was required. This is an illustration of the way in which the new model will improve services and outcomes in general. Following legal

orders we are able to move to securing permanency for children.

Education

Home to School Transport – Special is forecasting an overspend of £300k. We are continuing to see significant increases in pupils with Education Health Care Plans (EHCPs) and those attending special schools, leading to a corresponding increase in transport costs.

Dedicated Schools Grant (DSG) – Initial in-year pressures have been forecast for a number of DSG funded High Needs Block budgets including funding for special schools and units, top-up funding for mainstream schools and Post-16 provision, and out of school tuition. 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. The position 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.

2.4 Capital

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 £3.76m of the capital variations budget being utilised.

2019/20					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (July 2019) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (July 2019) £000
P&C	-13,399	-3,426	3,426	25.6%	0
Total Spending	-13,399	-3,426	3,426	25.6%	0

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 is attached at Appendix C and contains savings of £10.8m within P&C, of which approximately £3.4m relate to budgets for which this Committee is responsible. To the end of July only a minimal variance to the original savings is being forecast.

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 Finance monitoring report 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/