

**FINANCE AND PERFORMANCE REPORT – JANUARY 2019**

**To:** Children and Young People Committee

**Meeting Date:** 12 March 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 January 2019 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 and performance position as at the end of January 2019.

**Recommendations:** 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) 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 CYP Committee:

<b>Forecast Variance Outturn (December) £000</b>	<b>Directorate</b>	<b>Budget 2018/19 £000</b>	<b>Actual January 2019 £000</b>	<b>Forecast Outturn Variance £000</b>
4,850	Children's Commissioning	32,746	27,441	4,500
-50	Communities & Safety - Youth Offending Service	1,650	1,170	-50
0	Communities & Safety - Central Integrated Youth Support Services	1,334	653	0
1,547	Children & Safeguarding	52,004	46,282	2,182
7,418	Education	81,239	50,202	9,118
-2,909	Executive Director and Central Financing	4,306	706	-2,979
<b>10,856</b>	<b>Total Expenditure</b>	<b>173,278</b>	<b>126,453</b>	<b>12,771</b>
-6,642	Grant Funding (including Dedicated Schools Grant etc.)	-59,680	-49,733	-8,038
<b>4,214</b>	<b>Total</b>	<b>113,598</b>	<b>76,720</b>	<b>4,733</b>

**Please note:** Strategic Management – Commissioning covers all of P&C and is therefore not included in the table above. The Executive Director and Central Financing budgets have now been included as they contain significant spend relevant to CYP Committee, but exclude unused accruals which relate to Adults & Safeguarding.

### 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 total planned savings for P&C in the 2018/19 financial year total £21,287k.

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

The Committee have previously received reports confirming the medium term approach to managing demand on the looked after children's placement budget as well as outlining the major change and restructuring programme underway in the service.

However, it is acknowledged that these changes, and resulting budgetary improvements, will take time to embed and it is increasingly recognised that it will not be possible to fully address and reduce the pressures through offsetting savings and mitigating actions within P&C during 2018-19. General Purposes Committee previously approved the allocation of the £3.413m smoothing fund reserve to support Children's Services pressures, as recommended by CYP Committee, which is reflected in the reported position.

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.

## **2.0 MAIN ISSUES IN THE JANUARY 2019 P&C FINANCE & PERFORMANCE REPORT**

2.1 The January 2019 Finance and Performance report is attached at Appendix 2. At the end of January the P&C forecast overspend has increased to £4,830k.

### **2.2 Revenue**

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

- Looked after Children placements. Despite the continuing overall pressures on numbers the latest forecast has been reduced by £100k which reflects the ongoing work around the review of high cost placements and negotiating cheaper prices.
- LAC Transport is now forecasting a balanced position at year-end. This follows a detailed review of current commitments and significant reductions in costs due to the introduction of more efficient routes, including the utilisation of existing services wherever possible.
- The Adoption Allowance forecast has increased by £125k since last month due to a rise in the Adoption/SGO allowances and provision of a further two external inter agency placements.
- Strategic Management – Children and Safeguarding. This budget is now forecasting a £500k pressure as a result of under-achievement of vacancy savings. Given the pressures across the service the level of realised vacancies has not been as high as in the previous year and in the Safeguarding teams, agency use has been necessary to fulfil our statutory safeguarding responsibilities by covering vacant posts. In the recent Ofsted inspection, inspectors said that one of the most important issues for us to tackle was that of caseloads which are too high in some parts of the service. High caseloads is partly the result of vacancies. We therefore need to assess the extent to which vacancy savings are realistic within children's services.
- Pressures on SEND Specialist Services (0-25yrs) continue to increase reflecting the system wide pressures on SEND due to a continuing rise in overall numbers and complexity of need. There was a net increase of 500 Education, Health and Care Plans (EHCPs) over the course of the 2017/18 academic year (13%) and an average of 10 additional EHCPs a week throughout the 2018/19 academic year to date. Despite additional funding of £1.4m from the DfE, announced in December, approximately £8m of this pressure relates to the Dedicated Schools Grant (DSG) and will be carried forward as part of the overall DSG deficit into 2019/20. Work is ongoing with Schools Forum to develop options to reduce expenditure and produce

a sustainable system within the available High Needs Block. £1.2m of the pressure within this area is base budget and therefore impacts on the Council's bottom line.

- The 0-19 Organisation & Planning service is forecasting a revised underspend of £200k, a £110k improvement from the previous position. This is due to a combination of over-achievement of income and vacancy savings targets.
- Home to School / College Transport - Mainstream is expected to overspend by £300k, an increase of £100k. This is primarily as a result of quotes being received at a higher cost than that expected based on previous years costs. In addition, there has been a higher than usual number of in-year admissions requests where the local school is full. These situations require us to provide transport to schools further away, outside statutory walking distance.

The additional underspend within the Central Financing policy line (increase of -£70k) is as a result of identifying a number of prior year accruals which are no longer expected to be invoiced.

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

<p><b>Looked After Children Placements</b></p> <p>Forecast year-end variance: <b>+£2,900k</b></p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• Underlying pressure brought forward from the previous year</li> <li>• The continuing higher than budgeted number of LAC placements and forecast under-delivery of savings.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• Reconstitution of panels to ensure greater scrutiny and supportive challenge.</li> <li>• Monthly budget and savings reconciliation meetings attended by senior managers accountable for each area of spend/practice.</li> <li>• Investment in children's social care commissioning to support the development of robust commissioning pseudo-dynamic purchasing systems for external spend.</li> <li>• Provider meetings scheduled through the Children's Placement Service [ART] to support the negotiation of packages at or post placement.</li> <li>• Regular Permanence Tracking meetings chaired by the Independent Reviewing Service Manager to ensure no drift in care planning decisions, and support the identification of foster carers suitable for SGO/permanence arrangements.</li> <li>• Additional investment in the recruitment and retention of the in-house fostering service to increase the number of fostering households over a three year period.</li> </ul>
<p><b>Home to School Transport - Special</b></p> <p>Forecast year-end variance: <b>+£1,600k</b></p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> <li>• Increasing demand for SEND Transport, with a 20% increase in pupils attending special schools between September 2017 and September 2018 and a 13% increase in pupils with Education Health Care Plans (EHCPs) over the same period.</li> </ul> <p>Mitigating actions include:</p>

	<ul style="list-style-type: none"> <li>• A review of processes in the Social Education Transport and SEND teams with a view to reducing costs</li> <li>• A strengthened governance system around requests for costly exceptional transport requests</li> <li>• A change to the process around Personal Transport Budgets to ensure they are offered only when they are the most cost-effective option</li> <li>• Implementation of an Independent Travel Training programme to allow more students to travel to school and college independently.</li> </ul>
<p><b>Strategic Management - Children &amp; Safeguarding</b></p> <p>Forecast year-end variance: <b>+£500k</b></p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> <li>• Under-achievement of vacancy saving target of £1.2m by £500k. This is a very testing target and vacancies have not occurred at the rate needed to achieve the target. Also, in the Safeguarding teams, agency use has been necessary to fulfil our statutory safeguarding responsibilities by covering vacant posts.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• In the recent Ofsted inspection, inspectors said that one of the most important issues for us to tackle was that of caseloads which are too high in some parts of the service. High caseloads is partly the result of vacancies. We therefore need to assess the extent to which vacancy savings are realistic within children's services.</li> </ul>
<p><b>Children in Care</b></p> <p>Forecast year-end variance: <b>+£1,184k</b></p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• A significant increase in numbers of unaccompanied children and young people. Support is available via a Home Office grant, but this does not fully cover the expenditure.</li> <li>• The increasing number of staying put arrangements agreed for Cambridgeshire children placed in external placements, the cost of which is not covered by DFE grant.</li> <li>• The use of additional relief staff and external agencies required to cover the current Supervised Contact Cases.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• Reviewing the structure of Children's Services. This will focus on creating capacity to meet additional demand.</li> <li>• Agreement from other local authorities who are part of the Eastern Region scheme to reduce the 0.07% expectation of authorities to 0.06%.</li> <li>• Region writing to the Home Office stating the need for additional funding to support UASC and the imperative to expedite decisions on leave to remain at eighteen.</li> </ul>
<p><b>Adoption Allowances</b></p> <p>Forecast year-end variance: <b>+£373k</b></p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• Additional demand on the need for adoptive places.</li> <li>• Re-negotiated contract with Coram Cambridgeshire Adoption (CCA) based on an equal share of the extra costs needed to cover those additional placements.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• Ongoing dialogue with CCA to identify more cost effective</li> </ul>

	<p>medium term options to recruit more adoptive families to meet the needs of our children.</p>
<p><b>Strategic Management - Education</b></p> <p>Forecast year-end variance: <b>-£264k</b></p>	<p>The key reasons for the underspend in this area are:</p> <ul style="list-style-type: none"> <li>• A review of ongoing commitments and using one-off sources of funding to offset pressures emerging across the directorate.</li> <li>• Over-recovery on vacancy savings due to holding recruitment on a number of vacant management posts while a review of the overall Education structure is undertaken in conjunction with Peterborough.</li> </ul>
<p><b>Schools Partnership Service</b></p> <p>Forecast year-end variance: <b>+£106k</b></p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> <li>• The decision by Schools Forum to discontinue the de-delegation for the Cambridgeshire Race Equality &amp; Diversity Service (CREDS) from 1st April 2018, resulting in service closure.</li> </ul>
<p><b>SEND Specialist Services</b></p> <p>Forecast year-end variance: <b>+£1,017k</b></p> <p><b>-£126k DSG Funded</b> <b>£1,143k Core Funded</b></p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• Educational Psychologists – Educational Psychologists have a statutory role in signing off EHCPs. Increasing demand for EHCPs, along with recruitment issues meaning that costly locum staff are being used, creating a pressure on the budget.</li> <li>• Access &amp; Inclusion – there has been an increase in the number pupils without EHCPs being excluded leading to Out of School tuition being required. This has led to a pressure on the Access &amp; Inclusion budget.</li> <li>• Under-recovery on income generation – increased demand across the service has reduced the capacity of staff to leading to an under-recovery on income generation.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• A focus on financial control including a detailed analysis of high cost expenditure to assess whether the current level support is required and, if so, whether the support could be provided in a more cost-effective manner</li> <li>• An overall review of SEND need across Cambridgeshire, the available provision, and the likely need in future years. This work will inform decision around the development of new provision to ensure that more need can be met in an appropriate manner in county, reducing the number of children and young people who are place in high-cost, independent or Out of County provision. This will include working with FE providers to ensure appropriate post-16 provision is available.</li> <li>• Proposal to create an in-house “bank” of teachers, tutors, teaching assistants or specialist practitioners and care workers in order to achieve a cost of providing out of school tuition</li> <li>• Move to a dynamic-purchasing system for SEN Placements and Out of School Tuition to provide a wider, more competitive market place, reducing unit costs</li> <li>• Enhance the preventative work of the Statutory Assessment Team by expanding the SEND District Team,</li> </ul>

	<p>so that support can be deployed for children with an EHCP, where currently the offer is minimal and more difficult to access;</p> <ul style="list-style-type: none"> <li>• Creation of an outreach team from the Pilgrim PRU to aid quicker transition from tuition or inpatient care, back into school; and</li> <li>• Review of existing tuition packages to gain a deeper understanding of why pupils are on tuition packages and how they can be moved back into formal education.</li> <li>• A review of the Educational Psychologist offer, including a focus on recruiting permanent staff to mitigate the high locum costs.</li> </ul>
<p><b>Special Schools and High Needs Units Funding</b></p> <p>Forecast year-end variance: <b>+£2,586k</b></p> <p><b>DSG Funded</b></p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> <li>• Increase in numbers of young people being placed in Special Schools and High Needs Units within mainstream schools.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• Review of high cost packages and provision.</li> <li>• Longer term structural review looking at the role of Special Schools and Units within the county's overall SEN provision.</li> </ul>
<p><b>High Needs Top-Up Funding</b></p> <p>Forecast year-end variance: <b>+£4,457k</b></p> <p><b>DSG Funded</b></p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> <li>• Numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education (FE) providers continue to increase and there has been an increase in the number of secondary aged pupils in receipt of an EHCP.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• A detailed analysis and review of all high cost packages, to ensure that the additional support is still needed, and also look at alternatives to providing ongoing support for small groups of children with a similar need;</li> <li>• Review of FE funding rates.</li> </ul>
<p><b>SEN Placements</b></p> <p>Forecast year-end variance: <b>+£250k</b></p> <p><b>DSG Funded</b></p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• Placement of one young person in out of county school needing residential provision, where there is appropriate educational provision to meet needs.</li> <li>• Placement of a young person in out of county provision as outcome of SENDIST appeal.</li> <li>• An unprecedented increase in requests for specialist SEMH (social, emotional and mental health) provision. Local provision is now full, which is adding an additional demand to the high needs block.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• SEND Sufficiency work is underway to inform future commissioning strategy. This will set out what the SEND need is across Cambridgeshire, where it is and what provision we need in future, taking account of demographic growth and projected needs.</li> </ul>

	<ul style="list-style-type: none"> <li>• Alternatives such as additional facilities in the existing schools, looking at collaboration between the schools in supporting post 16, and working with further education providers to provide appropriate post 16 course is also being explored in the plan;</li> <li>• Peterborough and Cambridgeshire SEND Strategy is being developed with a renewed focus and expectation of children and young people having their needs met locally.</li> <li>• Review and renegotiation of packages with some providers to ensure best value is still being achieved.</li> </ul>
<b>Out of School Tuition</b>  Forecast year-end variance: <b>+£791k</b>  <b>DSG Funded</b>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• A higher number of children remaining on their existing packages and a higher number of children accessing new packages, due to a breakdown of placement.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• Review of existing tuition packages to gain a deeper understanding of why pupils are on tuition packages and how they can be moved back into formal education.</li> <li>• Move to a Dynamic Purchasing System, which would provide a wider, more competitive market place, where a lower unit cost of provision could be achieved;</li> <li>• Enhance the preventative work of the Statutory Assessment Team by expanding the SEND District Team, so that support can be deployed for children with an EHCP, where currently the offer is minimal and more difficult to access.</li> </ul>
<b>0-19 Organisation and Planning</b>  Forecast year-end variance: <b>-£200k</b>	<p>The key reasons for the underspend in this area are:</p> <ul style="list-style-type: none"> <li>• A combination of income over recovery and vacancy savings. £150k of this surplus is council revenue budget, the remaining £50k is Dedicated Schools Grant.</li> </ul>
<b>Home to School / College Transport - Mainstream</b>  Forecast year-end variance: <b>+£300k</b>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> <li>• Higher costs being quoted for routes in some areas of the county than in previous years.</li> <li>• Higher than usual number of in-year admissions requests where the local school is full. These situations require us to provide transport to schools further away, outside statutory walking distance.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• A review of processes with a view to reducing costs</li> <li>• A strengthened governance system around requests for costly exceptional transport requests</li> <li>• Implementation of an Independent Travel Training programme to allow more students to travel to school and college independently.</li> </ul>
<b>Executive Director and Central Financing</b>  Forecast year-end	<p>The key reasons for the forecast variance in this area are:</p> <ul style="list-style-type: none"> <li>• A £504k overspend due costs of the Mosaic project that were previously capitalised being moved to revenue.</li> <li>• Changes in Children’s Services, agreed at the Children’s and Young People’s committee, have led to a change in</li> </ul>

variance: <b>-£3,229k</b>	<p>approach for the IT system for Children’s Services. At its meeting on 29th May General Purposes Committee supported a recommendation to procure a new Children’s IT System that could be aligned with Peterborough City Council. A consequence of this decision is that the Mosaic system will no longer be rolled out for Children’s Services.</p> <ul style="list-style-type: none"> <li>• The underspend within the Central Financing policy line reflects the allocation of the £3.413m smoothing fund reserve to support Children’s Services pressures, as recommended by CYP Committee and approved by General Purposes Committee.</li> <li>• Unused accruals within Education have contributed a further £70k.</li> </ul>
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## 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. As at January 2019, £6.6m of the £10.5m Capital Variation budget has been utilised and this is unlikely to change in the remainder of the financial year:

2018/19					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (Jan 19) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Jan 19) £000
P&C	-10,469	-6,561	-6,561	62.7	3,908
<b>Total Spending</b>	<b>-10,469</b>	<b>-6,561</b>	<b>-6,561</b>	<b>62.7</b>	<b>3,908</b>

## 2.5 Performance

Of the thirty-eight P&C service performance indicators twelve are shown as green, nine as amber and eight as red. Fourteen have no target and are therefore not RAG-rated.

Of the Children and Young People Performance Indicators, six are green, six are amber and four are red. Three have no target and were therefore not RAG-rated. The four red performance indicators are:

1. Number of children with a Child Protection Plan per 10,000 population under 18
2. Proportion of children subject to a Child Protection Plan for the second or subsequent time (within 2 years)
3. The number of looked after children per 10,000 population under 18
4. Ofsted – Pupils attending schools that are judged as Good or Outstanding (Special

Schools)

### **3.0 2018-19 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.

3.2 Where a shortfall is currently forecast this is being reflected in the overall bottom line, but it is also important to note the relationship with the reported pressures within the detailed F&PR.

### **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.

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