

FINANCE AND PERFORMANCE REPORT – OUTTURN 2016-17

To: Children and Young People Committee

Meeting Date: 12 June 2017

From: Interim Executive Director: Children, Families and Adults Services
Chief Finance Officer

Electoral division(s): All

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

Purpose: To provide the Committee with the 2016-17 Outturn Finance and Performance report for 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 the 2016-17 financial year.

Recommendation: The Committee should review and comment on the finance and performance report and:

- a) Note the finance and performance position as at the end of 2016-17
- b) Recommend the earmarked reserves listed in Appendix 3, which are continuing in 2017-18, to the General Purposes Committee for their re-approval

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1.0 BACKGROUND

- 1.1 A Finance & Performance Report for the 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 CFA 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.
- 1.4 **Financial context**
The Council had overall planned savings of £38,294k in 2016-17, and at year end the overall revenue budget position was an overspend of +£499k (0.1%).

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

2.0 MAIN ISSUES IN THE 2016-17 OUTTURN CFA FINANCE & PERFORMANCE REPORT

- 2.1 The Outturn 2016-17 Finance and Performance report (F&PR) is attached at Appendix 2 and shows the final outturn is an overspend of £5,043k. This is a worsening position since the last report to CYP Committee in March which showed the forecast overspend at the end of January as £3,273k. However, it must be noted that between the end of March and the final outturn the position across CFA improved by £153k.
- 2.2 Despite underspends on areas such as the Physical Disability Service, Older People and Mental Health, Schools Partnership Service and Home to Schools Transport the increasing levels of demand and complexity of need, most notably in respect of the Learning Disability Service and Children's Social Care, have resulted in the overall overspend position at year-end. Significant work was undertaken during the budget setting process, alongside a number of ongoing workstreams to deliver reductions in costs and required savings in 2017-18. This ongoing work includes additional scrutiny on the highest risk budgets and savings via a weekly delivery board.
- 2.3 **Revenue**

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

- In Children's Social Care, the Looked After Children's (LAC) overspend increased by a further £302k to £4,152k. This is due to a continuing increase in number of LAC with complex needs who require purchased places until the end of the year. Overall LAC numbers at the end of March 2017, including placements with in-house foster carers, residential homes and kinship, are 677, 21 more than January 2017. This includes 67 unaccompanied asylum seeking children (UASC).
- In Children's Social Care, the legal proceedings budget overspent by £495k. This is an increase of £195k since January. This is due to increased care

proceedings; a higher than usual number of cases concluding with final costs, and charging being brought up-to-date by legal services suppliers.

- In Children's Social Care, the overspend on Strategic Management has increased by £532k since January. £481k of this was due to the service not fully meeting the in-year savings target from vacancy savings. Increasing need has meant that posts have been required to be filled as quickly as possible, with essential posts covered by agency staff where necessary.
- In Strategy and Commissioning, Information Management and Information Technology, the forecast underspend has increased by £137k since January primarily due to the capitalization of the Mosaic project management staffing costs.
- In Strategy and Commissioning, the overspend on SEN Placements increased to £845k, an increase of £145k since January. This is due to an adjustment for potential part payment of Health invoices for SEN Placements in 2016-17. However, discussions are on-going with Health to secure full payment, where possible. This budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG) and as such the overspend has been met from DSG carry-forward applied at year-end.
- In Strategy and Commissioning, Commissioning Services, the Out of School Tuition had a final overspend of £766k, an increase of £66k since January. This is due to 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 education (tuition) packages. This budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG) and as such the overspend has been met from DSG carry-forward applied at year-end.
- In Strategy and Commissioning, the underspend on Home to School Transport - Special increased to -£288k, from -£188k in January as a result of savings on the retendering of contracts under the Council's Dynamic Purchasing System and also a result of fewer mid-year route additions than originally budgeted. Conversely the overspend on LAC Transport increased to £287k, an increase of £147k from January is due to an increase in Looked after Children requiring transport, and additional costs being identified through a review of commitments as part of the financial year-end processes.
- In Learning, the Children's Innovation and Development Service had a final overspend of £410k, an increase of £313k from January. The majority of this relates to an external sponsorship target where a consortium of businesses had expressed a commitment to financial support, but has not been achieved in year. An additional element relates to changes in trading income from schools following the closure of Cambridgeshire Advisory Service.
- In Learning, the Catering and Cleaning service (CCS) was budgeted to achieve a -£400k contribution to the overall CFA bottom line. However, at year end the outturn is -£52k, a shortfall of £348k primarily due to loss of custom from Northamptonshire schools with the closure of the Nourish school meal service in July 2016, and the loss of orders to supply 3.1million meals annually, subsequently leading to the closure of the Cambridgeshire Cook Freeze and Distribution Centre's.

- In Learning, Mainstream Home to School/College had final year end underspend of -£539k, an improvement of £314k since January and is a result of policy changes, re-tendering of contracts and on-going scrutiny and challenge around provision.

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. At the end of 2016-17 the capital programme has encountered total slippage of £12,948k which has exceeded the Capital Variation adjustment made in May of £10,282k. This has resulted in an underspend outturn variance of £2,666k.

2016/17					
Service	Capital Programme Variations Budget £000	Outturn Variance (Close) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Close) £000
CFA	-10,282	-12,948	10,282	100%	-2,666
Total Spending	-10,282	-12,948	10,282	100%	-2,666

2.5 Performance

Of the twenty-one CFA service performance indicators seven are shown as green, seven as amber and seven are red.

Of the Children and Young People Performance Indicators, four are green, five are amber and four are red. The four 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. The FSM/Non-FSM attainment gap % achieving level 4+ in reading, writing and maths at Key Stage 2.
4. The FSM/Non-FSM attainment gap % achieving 5+ A*-C including English and maths at GCSE.

2.6 CFA Portfolio

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

3.0 CARRYFORWARD PROPOSALS: CFA EARMARKED RESERVES IN 2017-18

- 3.1 The Scheme of Financial Management sets out a process for agreement of one-off funds in addition to the agreed budget to support particular schemes and projects, including enabling pilots and savings plans. These are known as service earmarked reserves and were permitted where Services underspent in previous years and secured political agreement to earmark part of those surpluses to future activity. Going forward, the Council

is moving away from reserves held at Service level, with deficits and surpluses instead handled from across the Council together in a corporate general reserve. Additionally, the transformation fund has been established as the usual route for funding schemes which lead to new ways of working and financial and non-financial benefits. There is an established business case process to bid into the transformation fund.

- 3.2 Although no new service earmarked reserves are being created at this time, there are a number of previously agreed schemes which continue over multiple years. For these, spending is in progress and continuing on the basis of the original approval. The Scheme of Financial Management sets out that Service Committees will be asked to recommend annual re-approval to the General Purpose Committee.
- 3.3 The table at Appendix 3 of this report sets out the earmarked reserves in the Committee's domain which require continuing approval. Once re-approved the earmarked reserves are reported on each month in Appendix 5 of the F&PR each month.

4.0 2017-18 SAVINGS

- 4.1 In 2017-18, it is anticipated that on a quarterly basis the “**tracker**” report – a tool for summarising delivery of savings – will be made available for Members. As this methodology for monitoring is particularly central for Children's services, the tracker will also be included as an appendix at the appropriate meeting at the end of each quarter.

5.0 ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

- 5.1.1 There are no significant implications for this priority.

5.2 Helping people live healthy and independent lives

- 5.2.1 There are no significant implications for this priority

5.3 Supporting and protecting vulnerable people

- 5.3.1 There are no significant implications for this priority

6.0 SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

- 6.1.1 This report sets out details of the overall financial position of the CFA Service.

6.2 Statutory, Risk and Legal Implications

- 6.2.1 There are no significant implications within this category.

6.3 Equality and Diversity Implications

- 6.3.1 There are no significant implications within this category.

6.4 Engagement and Consultation Implications

- 6.4.1 There are no significant implications within this category.

6.5 Localism and Local Member Involvement

6.5.1 There are no significant implications within this category.

6.6 Public Health Implications

6.6.1 The educational attainment gap is likely to be associated with current and future inequalities in health outcomes.

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.	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/147/finance_and_performance_reports