

FINANCE AND PERFORMANCE REPORT – AUGUST 2018

To: Children and Young People Committee

Meeting Date: 9 October 2018

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 August 2018 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 August 2018.

Recommendations: The Committee is asked to:

- a) review and comment on the report
- b) Consider requesting that the General Purposes Committee allocate up to £3.413m from the smoothing fund reserve towards pressures in children’s services budgets in 2018-19.

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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 the Children and Young People (CYP) Committee:

Forecast Variance Outturn (July) £000	Directorate	Budget 2018/19 £000	Actual August 2018 £000	Forecast Outturn Variance £000
3,750	Children's Commissioning	32,481	11,081	3,750
-50	Communities & Safety - Youth Offending Service	1,650	636	-50
607	Children & Safeguarding	51,453	21,221	1,648
867	Education	62,847	40,307	2,367
5,174	Total Expenditure	148,432	73,245	7,715
-809	Grant Funding (including Dedicated Schools Grant etc.)	-50,346	-21,360	-2,309
4,365	Total	98,086	51,884	5,406

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 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 children's services related to the rising number of looked after children.

Nationally there has been a rise in children in care, also; however as identified by the service and supported by Oxford Brookes, we are not moving children through the system quickly enough and also previous practice of supporting children at home for perhaps longer than is best practice has led to children entering the care system later and then remaining, rather than them being adopted at an earlier stage.

This, combined with the scale of change needed for the new model of operational delivery, makes any reductions in numbers in care this year unlikely and for only a gradual reduction in

numbers and improvement in placement mix to take place in 2019/20.

As a result further work is ongoing to quantify the extent of the pressure in 2018/19 as original budgets were predicated on lower numbers in care than is likely to be achievable. These pressures were discussed at the General Purposes Committee in July.

2.0 MAIN ISSUES IN THE AUGUST 2018 P&C FINANCE & PERFORMANCE REPORT

2.1 The August 2018 Finance and Performance report is attached at Appendix 2. At the end of August, P&C forecast an overspend of £6,240k. This is a worsening position from the previous month when the forecast overspend was £4,690k.

2.2 Revenue

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

- The Children in Care budget is forecasting a pressure of £1.4m, an increase of £1.125m from last month. The expected pressure on Unaccompanied Asylum Seeking Children (UASC) budgets has now been estimated at £439k over budget for UASCs under 18 years of age and a further £392k for UASCs over 18 years of age (£831k in total). There has been a significant increase in under 18 UASC numbers over the last 6 weeks and there continues to be delays in the Home Office making decisions on the asylum status of UASCs who have turned 18. The Home Office provide grant funding for UASC expenditure, however the costs are expected to be higher than the amount of grant expected to be received. In addition the Staying Put budget is predicted to be £294k over budget as a result of the cost of Staying Put arrangements, which outstrip the grant funding available.
- In response to this the Service Director, Children & Safeguarding has gained agreement from other local authorities who are part of the Eastern Region scheme to reduce the 0.07% expectation of authorities to 0.06%. This is in recognition that some authorities in the region are way below the threshold whereas Cambridgeshire is at 0.07%. Once implemented this will help reduce future numbers. Alongside this the region is going to write 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.
- The High Needs Top-Up Funding budget is forecasting to be £1.5m over budget as a result of increasing numbers of young people with Education Health and Care Plans (EHCP) in Secondary and Post-16 Further Education. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block and will be managed within the overall available DSG resources.

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

<p>Looked After Children Placements</p> <p>Forecast year-end variance: +£3,000k</p>	<p>The key reasons for the overspend in this area is:</p> <ul style="list-style-type: none"> • Underlying pressure brought forward from the previous year • The continuing higher than budgeted number of LAC placements and forecast under-delivery of savings. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • Reconstitution of panels to ensure greater scrutiny and supportive challenge.
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	<ul style="list-style-type: none"> • Monthly budget and savings reconciliation meetings attended by senior managers accountable for each area of spend/practice. • Investment in children's social care commissioning to support the development of robust commissioning pseudo-dynamic purchasing systems for external spend. • Provider meetings scheduled through the Children's Placement Service [ART] to support the negotiation of packages at or post placement. • 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. • 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.
<p>Home to School Transport - Special</p> <p>Forecast year-end variance: +£750k</p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> • Increasing demand for SEND Transport, with a 9% increase in pupils attending special schools between May 2017 and May 2018 and an 11% increase in pupils with EHCPs over the same period. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • A review of processes in the Social Education Transport and SEND teams with a view to reducing costs • A strengthened governance system around requests for costly exceptional transport requests • A change to the process around Personal Transport Budgets to ensure they are offered only when they are the most cost-effective option • Implementation of an Independent Travel Training programme to allow more students to travel to school and college independently.
<p>Children in Care</p> <p>Forecast year-end variance: +£1,400k</p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> • 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. • 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. • The use of additional relief staff and external agencies required to cover the current Supervised Contact Cases. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • Reviewing the structure of Children's Services. This will focus on creating capacity to meet additional demand. • Agreement from other local authorities who are part of the Eastern Region scheme to reduce the 0.07% expectation of authorities to 0.06%. • 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.
<p>Adoption</p> <p>Forecast year-end variance:</p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> • Additional demand on the need for adoptive places. • Re-negotiated contract with Coram Cambridgeshire Adoption

<p>+£248k</p>	<p>(CCA) based on an equal share of the extra costs needed to cover those additional placements.</p> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • Ongoing dialogue with CCA to identify more cost effective medium term options to recruit more adoptive families to meet the needs of our children.
<p>Schools Partnership Service Forecast year-end variance: +£148k</p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> • The decision by Schools Forum to discontinue the de-delegation for the Cambridgeshire Race Equality & Diversity Service (CREDS) from 1st April 2018, resulting in service closure.
<p>High Needs Top-Up Funding</p> <p>Forecast year-end variance: +£1,500k</p> <p>DSG Funded</p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> • 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. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • 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; • Review of FE funding rates.
<p>SEN Placements</p> <p>Forecast year-end variance: +£518k</p> <p>DSG Funded</p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> • Placement of one young person in out of county school needing residential provision, where there is appropriate educational provision to meet needs. • Placement of a young person in out of county provision as outcome of SENDIST appeal. • 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. <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • 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. • 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; • Peterborough and Cambridgeshire SEND Strategy is being developed with a renewed focus and expectation of children and young people having their needs met locally. • Review and renegotiation of packages with some providers to ensure best value is still being achieved.
<p>Out of School Tuition</p>	<p>The key reasons for the overspend in this area are:</p> <ul style="list-style-type: none"> • A higher number of children remaining on their existing

<p>Forecast year-end variance: +£291k</p> <p>DSG Funded</p>	<p>packages and a higher number of children accessing new packages, due to a breakdown of placement, than the budget can accommodate.,</p> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • Proposal to create an in-house “bank” of teachers, tutors, teaching assistants or specialist practitioners and care workers in order to achieve a lower unit cost of provision; • 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; • 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; • Creation of an outreach team from the Pilgrim PRU to aid quicker transition from tuition or inpatient care, back into school; and • 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.
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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:

2018/19					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (Aug 18) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Aug 18) £000
P&C	-10,469	7,275	7,275	69.5	-3,194
Total Spending	-10,469	7,275	7.275	69.5	-3,194

2.5 Performance

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

Of the Children and Young People Performance Indicators, five are green, five are amber and five are red. Two have no target and were therefore not RAG-rated. 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 population under 18
3. KS4 Attainment 8 (All children)
4. % of disadvantaged households taking up funded 2 year old childcare places
5. 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 updated throughout the year and the overall position reported to members on a quarterly basis.

4.0 ADDITIONAL SUPPORT TO CHILDREN’S SERVICES BUDGET

- 4.1 Following the changes made in the medium term financial strategy relating to Council tax levels in the Spring, the Council has £3.413m held in the smoothing fund reserve in 2018-19. The Leader of the Council has requested that the CYP Committee consider recommending to the General Purposes Committee that these funds are allocated towards pressures within the CYP domain of the People & Communities directorate on a one-off basis in 2018-19. Budget implications for April 2019 onwards are considered as part of the business planning process (involving this Committee elsewhere on the agenda in October), and ultimately agreed by full Council in February 2019.
- 4.2 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. The changes are evidence based and respond to a series of reviews over the past twelve months by Oxford Brooks University, OFSTED, and LGA peers. The outcome of the changes will be easier referrals into the council’s contact centre, social work teams based in districts led by non-case holding team managers who can provide more support and challenge, lower caseloads for social workers overall, with more resilience built in to larger teams., two dedicated teams focussed on adolescents, and more Child Practitioners focussed on working with children in need and able to undertake more sustained and in depth work.
- 4.3 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 People & Communities during 2018-19. An allocation from the smoothing fund reserve at this point, which was created in view of the Council’s financial and demand-led challenges, would further signal the significant pressures facing the directorate, and enable the necessary changes within the service to continue on a firm financial footing. By addressing pressures in this way, headroom is created for the service to focus on the reforms needed ready for future years, rather than giving undue short-term focus to immediate measures that may lead to increased costs in future.

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 P&C Service.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

6.2.1 There are no significant implications within this category.

6.3 Statutory, Risk and Legal Implications

6.3.1 There are no significant implications within this category.

6.4 Equality and Diversity Implications

6.4.1 There are no significant implications within this category.

6.5 Engagement and Consultation Implications

6.5.1 There are no significant implications within this category.

6.6 Localism and Local Member Involvement

6.6.1 There are no significant implications within this category.

6.7 Public Health Implications

6.7.1 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/