

**FINANCE AND PERFORMANCE REPORT – OCTOBER 2018**

**To:** Children and Young People Committee

**Meeting Date:** 4 December 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 October 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 October 2018.

**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 (September) £000</b>	<b>Directorate</b>	<b>Budget 2018/19 £000</b>	<b>Actual October 2018 £000</b>	<b>Forecast Outturn Variance £000</b>
3,750	Children's Commissioning	32,746	17,456	4,800
-50	Communities & Safety - Youth Offending Service	1,650	880	-50
0	Communities & Safety - Central Integrated Youth Support Services	1,334	394	0
1,615	Children & Safeguarding	52,066	31,312	1,510
3,421	Education	79,586	60,633	7,270
-2,909	Executive Director and Central Financing	4,336	482	-3,159
<b>5,827</b>	<b>Total Expenditure</b>	<b>171,717</b>	<b>111,157</b>	<b>10,371</b>
-3,362	Grant Funding (including Dedicated Schools Grant etc.)	-58,250	-33,979	-6,565
<b>2,465</b>	<b>Total</b>	<b>113,467</b>	<b>77,178</b>	<b>3,806</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.

## 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.

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.

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, and this has now been reflected in the reported position.

## **2.0 MAIN ISSUES IN THE OCTOBER 2018 P&C FINANCE & PERFORMANCE REPORT**

2.1 The October 2018 Finance and Performance report is attached at Appendix 2. At the end of October the P&C forecast overspend has increased from £2,671k to £4,031k.

### **2.2 Revenue**

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

- Home to School Transport – Special. The forecast overspend has increased by £750k to £1,500k. The increase is due to a review of expected commitments now that the majority of routes for the 2018/19 academic year have been agreed, as well as further growth in SEND pupil numbers for the new academic year.
- LAC Transport is anticipated to be £300k over budget, as a result of an overall increase in Looked after Children, meaning 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
- The Children in Care overspend has decreased to £1,262k, due to a reduction of £105k on UASC accommodation costs as a result of fee re-negotiation.
- Strategic Management – Education. Mitigations totalling £359k have been found across the Education Directorate. There has been a review of ongoing commitments and one-off sources of funding, and identification of higher than expected vacancy savings due to delaying the recruitment of posts pending review.
- SEND Specialist Services (0-25yrs) are forecasting a £7.4m overspend. £6.6m of this pressure is Dedicated Schools Grant expenditure which will result in an overall DSG deficit to be carried forward into 2019/20. £800k of this is a base budget pressure on the Council's bottom line. We saw a net increase of 500 Education, Health and Care Plans (EHCPs) over the course of the 2017/18 academic year (13%) and have been averaging an additional 9 EHCPs a week during September and October 2018. This increase in numbers, as well as an increase in complexity of need, has caused pressures across all elements of the SEN budget.
- Home to School/ College Transport - Mainstream are expected to overspend by £200k 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.

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>+£3,000k</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>+£1,550k</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>Looked After Children Transport</b></p> <p>Forecast year-end variance: <b>+£300k</b></p>	<p>The key reason for the overspend in this area is:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• Case-by-case reviews of the most expensive transport arrangements for Looked After Children, particularly targeting reductions in high-cost single occupancy taxi journeys and encouraging more children to walk shorter journeys.</li> <li>• Route reviews to identify opportunities for shared vehicles, routes and providers, including across different client groups</li> </ul>

	<p>e.g. mainstream, SEND, or Adult transport, reducing any duplication and opportunities for better use of volunteer drivers.</p> <ul style="list-style-type: none"> <li>• Further activity to ensure the Council's policies around transport provision are implemented fully across the board, with joined-up decisions across social care and transport.</li> <li>• Additional capacity has been secured through the Transformation programme to provide the necessary dedicated focus for this work.</li> </ul>
<p><b>Children in Care</b></p> <p>Forecast year-end variance: <b>+£1,262k</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</b></p> <p>Forecast year-end variance: <b>+£248k</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 medium term options to recruit more adoptive families to meet the needs of our children.</li> </ul>
<p><b>Strategic Management - Education</b></p> <p>Forecast year-end variance: <b>-£359k</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>+£176k</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>Special Schools and High Needs Units Funding</b></p> <p>Forecast year-end variance: <b>+£2,000k</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>+£3,500k</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>+£518k</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> <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>
<p><b>Out of School Tuition</b></p> <p>Forecast year-end variance: <b>+£291k</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>• 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, than the budget can accommodate.,</li> </ul> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> <li>• 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;</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> <li>• Creation of an outreach team from the Pilgrim PRU to aid quicker transition from tuition or inpatient care, back into school; and</li> </ul>

	<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> </ul>
<p><b>SEND Specialist Services</b></p> <p>Forecast year-end variance: <b>+£1,050k</b></p> <p><b>£250k DSG Funded</b> <b>£800k 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, so that support can be deployed for children with an EHCP, where currently the offer is minimal and more difficult to access;</li> <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>Home to School / College Transport - Mainstream</b></p> <p>Forecast year-end variance: <b>+£200k</b></p>	<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> </ul>

	<ul style="list-style-type: none"> <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 variance: <b>-£3,159k</b>	The key reasons for the forecast variance in this area are: <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 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.</li> <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> </ul>

## 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 (Oct 18) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Oct 18) £000
P&C	-10,469	8,793	8,793	84.0	-1,676
<b>Total Spending</b>	<b>-10,469</b>	<b>8,793</b>	<b>8,793</b>	<b>84.0</b>	<b>-1,676</b>

## 2.5 Performance

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

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

1. % children whose referral to social care occurred within 12 months of a previous referral
2. Number of children with a Child Protection Plan per 10,000 population under 18
3. Proportion of children subject to a Child Protection Plan for the second or subsequent time (within 2 years)

4. The number of looked after children per 10,000 population under 18
5. % of EHCP assessments completed within timescale
6. % of 2 year olds taking up the universal entitlement (15 hours)
7. 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. The tracker, showing savings proposals relating to CYP as at mid-October is included as Appendix 3 to this report.
- 3.2 Within the tracker the forecast is shown against the original saving approved as part of the 2018-19 Business Planning process. Based on current forecasts the overall position for CYP is a £456k shortfall against plan.

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 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

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.	<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>