Agenda Item No: 7

FINANCE MONITORING REPORT – JANUARY 2020

To:	**Children and Young People Committee**		
Meeting Date:	**21 January 2020**		
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 November 2019 Finance Monitoring 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 November 2019.**		
Recommendations:	**Committee are asked to review and comment on the report.**		

	Officer contact:	***Member contact:***
Name:	Martin Wade	Name: Councillor Simon Bywater
Post:	Strategic Finance Business Partner	Role: Chairman, Children and Young People Committee
Email:	martin.wade@cambridgeshire.gov.uk	Email: Simon.Bywater@cambridgeshire.gov.uk
Tel:	01223 699733	Tel: 01223 706398 (office)

1.0 BACKGROUND

1.1 The revised Finance Monitoring Report will be at all scheduled substantive Committee meetings (but not reserve dates) to provide the Committee with the opportunity to comment on the financial position of the services for which the Committee has responsibility.

1.2 This report is for the whole of the People and Communities 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, whilst the table below provides a summary of the budget totals relating to the Children and Young People (CYP) Committee:

Forecast Variance Outturn (Previous)	**Directorate**	**Budget 2019/20**	**Actual November 2019**	**Forecast Outturn Variance**
£000		**£000**	**£000**	**£000**
650	Children's Commissioning	25,858	15,804	550
0	Communities & Safety - Youth Offending Service	2,163	1,167	0
0	Communities & Safety - Central Integrated Youth Support Services	1,399	700	0
750	Children & Safeguarding	59,829	39,572	750
9,000	Education	95,093	63,482	9,450
0	Executive Director and Central Financing	91	24	0
10,400	**Total Expenditure**	**184,433**	**120,749**	**10,700**
-8,500	Grant Funding (including Dedicated Schools Grant etc.)	-77,448	-56,259	-9,000
1,900	**Total**	**106,986**	**64,491**	**1,700**

Please note: Strategic Management – Commissioning covers all of P&C and is therefore not included in the table above.

1.3 **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.

Although significant savings have been made across the directorate the service continues to face demand pressures.

Despite a decrease in the numbers of children in care they still remain above budgeted levels. Significant work is underway to reduce high cost placements, however the placement market is saturated, with independent fostering agency (IFA) providers having limited vacancies which results in children going into higher cost residential placements. However, there has been a net increase in, in-house fostering placements which is contributing towards planned savings.

The continuing increase in the number of pupils with special educational needs and disabilities (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.

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 education, health and care plans (EHCPs) the latest forecast is an in-year overspend in the region of £9m+. The SEND Recovery Board is developing a number of work streams to mitigate pressures and reduce costs wherever possible. Although this is a ring-fenced grant and as such overspends do not currently affect the Council's bottom line, there is an imperative to reduce the overall cumulative deficit and ensure High Needs spend is sustainable on an ongoing basis.

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

2.1 The October 2019 Finance Monitoring report is attached at Appendix B. Sections which do not apply to CYP Committee have been highlighted in grey. At the end of October the P&C forecast overspend has a revised positon of £3,729k. This includes additional budget allocations as agreed by GPC in July.

2.2 **Revenue**

The Children in Care Placement budget is now forecasting an overspend of £550k, previously £650k. Despite remaining above original budgeted levels, numbers have continued to reduce from previous months resulting in a positive reduction in the forecast spend.

Revised forecasts on the transport budgets have seen increases in the reported positon for mainstream and special, offset by a reduction in the children in care transport costs.

The revised forecast on DSG funded High Needs Block has increase to £9m, previously £8.5m. As noted above this is a ring-fenced grant and as such overspends do not currently affect the Council's bottom line.

As a result of these, and other minor changes the core funded budgets relating to Children's and Education services have a revised forecast overspend of £1.7m.

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

Children in Care Placements Forecast year-end variance: **+£550k**	The key reasons for the overspend in this area is: • Recent activity in relation to gang related crime has resulted in additional costs and high cost secure placements being required [at an average weekly cost of £7000.00 per child]. • Additional unaccompanied asylum seekers becoming Looked After. • An increase in the number of Children in Care in external placements [+20%] against a projected reduction. • The foster placement capacity both in house and externally is overwhelmed by demand both locally and nationally. The real danger going forward is that the

	absence of appropriate fostering provision by default, leads to children and young people's care plans needing to change to residential services provision. Mitigating actions include: • Monthly Placement Mix and Care Numbers meeting chaired by the Service Director and attended by senior managers. This meeting focuses on activity aimed at reducing the numbers in care, length of care episodes and reduction in the need for externally commissioned provision. • Reconstitution of panels to ensure greater scrutiny and supportive challenge. • Introduction of twice weekly conference calls per Group Manager on placement activity followed by an Escalation Call each Thursday chaired by the Head of Service for Commissioning, and attended by each of the CSC Heads of Service as appropriate, Fostering Leads and Access to Resources. • Authorisation processes in place for any escalation in resource requests. • Assistant Director authorisation for any residential placement request.
Children in Care Forecast year-end variance: **+£350k**	The key reasons for the overspend in this area are: • The UASC budget is forecasting a pressure of £200k.This is mainly in the over 18 budget due to the increased number of children turning 18 and acquiring care leaver status. • The costs associated with supporting both these groups of young people are not fully covered by the grants from the Home Office and DfE respectively. • The Supervised Contact budget is forecasting a pressure of £150k. The over spend is due to the use of additional relief staff and external agencies required to cover the current Supervised Contact Cases. Mitigating actions include: • Continuing review of UASC placements resulting in young people being moved as appropriate to provisions that are more financially viable in expectation of a status decision. • Reviewing young people who are appeal rights exhausted. These reviews are likely to see a drop in accommodation spending as CCC discharge their duty to these young people in line with our statutory responsibilities under the immigration act. • Review of all staying put costs for young people in external placements to ensure that financial packages of support are needs led and compliant with CCC policy. • Review of Supervised Contact demand criteria across the cohort of Young People the service supports to include the review all of the cases that have completed proceedings to consider whether contact needs to continue to be supervised, if it does, does it need to be this service.

Legal Proceedings Forecast year-end variance: **+£400k**	The key reason for the overspend in this area is: • Numbers of care proceedings per month increased by 72% for the period Feb to Apr 19 compared to the preceding 10 months. Mitigating actions include: • Work is ongoing to manage care proceedings and CP Plans and better track the cases through the system to avoid additional costs due to delay. •
High Needs DSG Funding Forecast year-end variance: **+£9,000k** **DSG Funded**	The key reason for the overspends in this area are: • **Funding to Special Schools and Units - £3.5m -** As the number of children and young people with an EHCP increase, along with the complexity of need, we see additional demand for places at Special Schools and High Needs Units. The extent of this is such that a significant number of spot places have been agreed and the majority of our Special Schools are now full. • **High Needs Top Up Funding - £3.0m -**As well as the overall increases in EHCP numbers creating a pressure on the Top-Up budget, the number of young people with EHCPs in Post-16 Further Education is continuing to increase significantly as a result of the provisions laid out in the 2014 Children and Families Act. This element of provision is causing the majority of the forecast overspend on the High Needs Top-Up budget. • **Out of School Tuition - £2.0m** - There has been a continuing increase in the number of children with an Education Health and Care Plan (EHCP) who are awaiting a permanent school placement. • **SEN Placements - £0.5m** - A pressure of £500k is now being forecast on SEN Placements due to an increase in the number of Cambridgeshire pupils being educated out of county. Mitigating actions include: • A SEND Project Recovery team has been set-up to oversee and drive the delivery of the SEND recovery plan to address the current pressure on the High Needs Block.
Home to School Transport - Special Forecast year-end variance: **+£700k**	The key reasons for the overspend in this area are: • Continuing increases in pupils with Education Health Care Plans (EHCPs) and those attending special schools, leading to a corresponding increase in transport costs. Between April 2019 and November 2019 there was an 9% increase in both pupils with EHCPs and pupils attending special schools, which is a higher level of growth than in previous years. • Increase in complexity of need resulting in assessments being made by the child/young person's Statutory Assessment Case Work Officer that they require individual transport, and, in many cases, a passenger assistant to accompany them.

	Mitigating actions include: • An ongoing review of processes in the Social Education Transport and SEND teams with a view to reducing costs • An earlier than usual tender process for routes starting in September to try and ensure that best value for money is achieved • Implementation of an Independent Travel Training programme to allow more students to travel to school and college independently.
Children in Care Transport Forecast year-end variance: **-£400k**	The key reasons for the underspend in this area are: • Ongoing work around route optimisation, combined with decreasing numbers of Children in Care. This is despite the pressures on the wider transport market.
Home to School Transport - Mainstream Forecast year-end variance: **+£200k**	The key reasons for the overspend in this area are: • A significant increase in the costs being quoted for routes in some areas of the county, which are in excess of the inflation that was built into the budget. Where routes are procured at particularly high rates these are agreed on a short-term basis only with a view to reviewing and retendering at a later date in order to reduce spend where possible, however these subsequent reductions cannot be guaranteed. • There have also been pressures due to the number of in-year admission requests when the local school is full. These situations require us to provide transport to schools further away, outside statutory walking distance. The effect on the transport budget is taken into account when pupils are placed in-year which has mitigated the effect of this to some degree, however in many cases the only viable transport is an individual or low-occupancy taxi.

2.4 Capital

2.4.1 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 £8.46m of the capital variations budget being utilised.

2019/20					
Service	Capital Programme Variations Budget £000	Forecast Outturn Variance (Nov 2019) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Oct 2019) £000
P&C	-13,399	-8,464	8,464	63.2%	0
Total Spending	-13,399	-8,464	8,464	63.2%	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 latest savings tracker for 2019-20 contains savings of £10.8m within P&C, of which approximately £3.4m relate to budgets for which this Committee is responsible.

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
None	