

Children and Young People's Overview and Scrutiny Committee

27 September 2021



Children and Young People's Services – Quarter 1: Forecast of Revenue and Capital Outturn 2021/22

Report of Paul Darby Corporate Director of Resources (Interim)

Purpose of the Report

- 1 To provide details of the forecast outturn budget position for Children and Young People's Services (CYPS), highlighting major variances in comparison with the budget for the year, based on the position at the end of June.

Executive summary

- 2 Children and Young People's Services is reporting a cash limit overspend of £4.754 million against a revised budget of £134.112 million which represents a 3.54% overspend.
- 3 In arriving at the cash limit position, Covid-19 related expenditure of £2.061 million, offset by Covid-19 related savings of £0.610 million within CYPS have been excluded from the forecasts. Covid-19 related costs are being treated corporately and offset by Government funding so far as is possible.
- 4 There is an overall anticipated net use of earmarked reserves including DSG and School reserves of c£0.440 million, leading to a revised balance of £41.591 million at the year end, of which £30.087 million are schools related.
- 5 The projected capital outturn is nil variance against a revised budget of £29.376 million

Recommendation(s)

- 6 Members of Children and Young People's Overview and Scrutiny committee are requested to be requested to:
 - (a) note the Children and Young People's Services overall revenue position.

Background

7 The County Council approved the Revenue and Capital budgets for 2021/22 at its meeting on 24 February 2021. These budgets have subsequently been revised to take account of transfers to and from reserves, grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for:

- (a) Children and Young People's Services Revenue Budget - £134.112 million (original £133.876 million);
- (b) CYPS – Capital Programme - £29.376 million (original £27.376 million).

8 The original Children and Young People's Services revenue budget has been revised to incorporate a number of budget adjustments as summarised in the table below:

Reason For Adjustment	£000s
Original Budget	133,876
Reason For Adjustment	
Transfer from Contingencies	10
Use of (+)/contribution to Children and Young People's Services reserves (-)	44
Use of (+)/contribution to Corporate reserves (ERVR) (-)	-
Use of (+)/contribution to Other Service reserves (ERVR) (-)	-
Transfer from Other Services	210
Transfer to Other Services	(28)
REVISED BUDGET	134,112

9 The use of / contribution to Children and Young People's Services reserves consists of:

Reserve	£000s
Durham Music Service Reserve	26
Durham Learning Resources Reserve	18
Total	44

10 The summary financial statements contained in the report cover the financial year 2021-22 and show:

- (a) the approved annual budget;

- (b) the actual income and expenditure as recorded in the Council's financial management system;
- (c) the variance between the annual budget and the forecast outturn;
- (d) for the Children and Young People's Services revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue Outturn

- 11 The Children and Young People's Services service is reporting a cash limit overspend of £4.754 million against a revised budget of £134.112 million which represents a 3.54% overspend.
- 12 The tables below show the revised annual budget, actual expenditure to 30 June 2021 and the updated forecast of outturn to the year end, including the variance forecast at year end. The first table is analysed by Subjective Analysis (i.e. type of expense) and shows the combined position for Children and Young People's Services, and the second table is by Head of Service.

Subjective Analysis (Type of Expenditure)

	Revised Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Covid 19 related Costs	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	76,216	18,183	74,480	(1,736)	-	(384)	(1,352)
Premises	4,244	1,040	4,246	2	-	-	2
Transport	22,373	4,754	25,323	2,950	-	-	2,950
Supplies and Services	11,156	3,749	10,451	(705)	-	(24)	(681)
Third Party Payments	38,716	8,079	40,941	2,225	-	-	2,225
Transfer Payments	1,515	379	1,268	(247)	-	-	(247)
Capital	23,579	-	23,579	-	-	-	-
Central Support and Other Recharges	29,633	484	29,534	(99)	-	-	(99)
DRF	311	-	311	-	-	-	-
Income	(73,631)	(25,389)	(69,816)	3,815	0	1,859	1,956
TOTAL	134,112	11,279	140,317	6,205	-	1,451	4,754

Analysis by Head of Service Area

	Revised Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Covid 19 related Costs	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Youth Justice Service	1,066	236	1,066	-	-	-	-
One Point & Think Family Service	2,039	(7,179)	1,910	(129)	-	-	(129)
Head of Early Help Inclusion and Vulnerable Children	624	53	644	20	-	-	20
Redundant Early Help and Children's Services	-	-	-	-	-	-	-
Aycliffe Site & Price Training	689	27	698	9	-	-	9
Secure Services	(1,765)	589	(1,143)	622	-	622	-
Children's and Central Support Recharges	-	-	-	-	-	-	-
SEND Strategy & Assessment & Provision EHIVC	1,869	83	1,615	(254)	-	13	(267)
SEND Inclusion Support EHIVC	1,634	29	1,496	(138)	-	12	(150)
Head of Early Help Inclusion & Vulnerable Children.	6,156	(6,162)	6,286	130	-	647	(517)
CYPS Operational Support Service	1,698	385	1,701	3	-	-	3
Children's Services Operational Support	1,698	385	1,701	3	-	-	3
Looked After Children & Permanence	8,107	1,707	7,337	(770)	-	-	(770)
Looked After Children Resources	40,202	10,188	43,797	3,595	-	-	3,595
Families First North	5,654	248	5,122	(532)	-	60	(592)
Families First East	3,852	972	4,115	263	-	60	203
First Contact & Specialist Services	4,046	501	4,010	(36)	-	-	(36)
Strategic Manager Families First South	4,377	1,039	4,417	40	-	80	(40)
Head of Children's Services	17,759	262	17,263	(496)	-	-	(496)
Safeguarding and Professional Practice	1,883	531	1,960	77	-	-	77
Head of Children's Social Care	85,880	15,448	88,021	2,141	-	200	1,941
Redundant Centres CYPS	-	-	-	-	-	-	-
Other Services	1,031	(1,943)	1,031	-	-	-	-
Central Charges (CYPS)	1,031	(1,943)	1,031	-	-	-	-
Build Schools For The Future-	(1,215)	(1,857)	(1,215)	-	-	-	-
Support and Development	265	(1,086)	1,004	739	-	433	306
Progression and Learning	919	1,610	1,000	81	-	81	-
School Places & Admissions	39,376	5,212	42,353	2,977	-	-	2,977
Head of Education	(819)	103	(825)	(6)	-	-	(6)
Performance and Standards	821	(431)	961	140	-	90	50
Head of Education & Skills	39,347	3,551	43,278	3,931	-	604	3,327
TOTAL	134,112	11,279	140,317	6,205	-	1,451	4,754

13 The table below provides a more detailed commentary of the forecast cash limit variances against the revised budget, analysed by Head of Service. The table identifies variances in the core budget only and

excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Service Area	Description	Cash Limit Variance £000
Head of Early Help Inclusion & Vulnerable Children.		
Youth Justice Service	There is a net nil forecast variance in the Youth Justice Service	-
One Point & Think Family Service	The forecast underspend mainly relates to savings from vacant posts (£54,000) and additional income (£75,000) from the Winter Fund Grant and Teenage Parent Programme	(129)
Head of Early Help Inclusion and Vulnerable Children	The forecast overspend mainly relates to a forecast overspend £55,000 pending confirmation of the allocation of outstanding budget savings offset by savings (£35,000) on staff travelling and support recharges.	20
Redundant Early Help and Children's Services	There is a net nil forecast variance in this area.	-
Aycliffe Site and Price Training	The minor forecast overspend relates to building utility charges.	9
Secure Services	Secure Services are forecasting to breakeven at Q1. The forecast at Q1 assumes the estimated shortfall in income (£1.122 million) from the sale of beds to other local authorities and delays in opening the new Transition Unit (£87,500) will be classed as outside the cash limit as Covid 19 related. The forecast savings on employees etc. (£0.586 million) are being classed as a Covid related underspend in the current financial year.	-
Children's and Central Support Recharges	There is a net nil forecast variance in this area.	-
SEND Strategy & Assessment & Provision EHIVC	The forecast underspend mainly relates to savings from vacant posts in the first 5 months of the financial year following an increase in the budget for additional staffing in this service.	(267)
SEND Inclusion Support EHIVC	The forecast underspend mainly relates to savings from vacant posts in the Education Psychology Team pending appointments following an increase in the budget for additional staffing in this service.	(150)
		(517)
Children's Services Operational Support	Description	Cash Limit Variance £000
CYPS Operational Support Service	The minor forecast overspend relates to employees.	3
		3

Service Area	Description	Cash Limit Variance £000
Head of Children's Social Care		
Looked After Children and Permanence	The forecast underspend relates to a forecast saving (£0.690 million) on inter agency adoption fees and the balance of the saving (£80,000) is mainly from savings on staff and young people travel costs.	(770)
Looked After Children Resources	<p>The forecast overspend mainly relates to an overspend of £5.294 million on LAC placements which includes a forecast overspend of £3.941 million on external residential care following an increase in the number of young people with complex needs being placed in this type of provision.</p> <p>The forecast overspend on LAC is being offset by savings (£1.008 million) on children placed under Special Guardianship and Child Arrangement Orders. The balance (£691,000) is mainly from savings on the new Edge of Care home which it is assumed will not open in the current financial year.</p>	3,595
Families First North	The forecast underspend mainly relates to forecast savings on vacant posts (£0.180 million) including newly created posts in the Disability Team, a forecast saving (£0.271 million) on Direct Payments and additional income (£0.341 million) from the CCG for joint funded placements offset by a net overspend of £0.200 million on short breaks.	(592)
Families First East	The forecast overspend mainly relates to the use of agency social work staff.	203
First Contact and Specialist Services	The forecast underspend mainly relates to savings on staff travel costs.	(36)
Strategic Manager Families First South	The forecast saving mainly relates to savings on car allowances and transportation costs for children and young people.	(40)
Head of Children's Services	The forecast savings relate to savings on recruitment and retention allowances (£0.266 million) and savings on agency staff costs (£0.230 million), the budget for agency staff is held at this level but the actual expenditure is currently charged to individual social work teams.	(496)
Safeguarding and Professional Practice	The forecast overspend mainly relates to the costs £93,000 of additional Independent Reviewing Officers and maternity leave cover and training costs £16,000 in the Social Work Academy offset by additional grant income (£32,000) for newly qualified social workers.	77
		1,941
Central Charges (CYPS)	Description	Cash Limit Variance £000
Other Services	There is no forecast under or overspend attributable to this service.	-

Service Area	Description	Cash Limit Variance £000
Head of Education and Skills		
Build Schools For The Future-Summ	There is no forecast under or overspend attributable to this service.	-
Support and Development	The forecast overspend mainly relates to £0.386 million shortfall in SLA income. There is also a forecast underspend of (£81,000) on employees from savings on vacant posts and other pay budgets.	306
Progression and Learning	There is no forecast under or overspend attributable to this service.	-
School Places and Admissions	The forecast overspend is mainly attributable to a projected overspend of £2.953 million on Home to School Transport, £11,000 of staff compensation costs and a £12,000 overspend which is due to the inability to achieve staff turnover savings.	2,977
Head of Education	The minor forecast underspend relates to employees.	(6)
Performance and Standards	This forecast overspend mainly relates to a £0.314 million shortfall in SLA income. There are also forecast underspends of (£0.137) million on employees from savings on vacant posts and other pay budgets; a (£80,000) underspend relating to staff recharges, a (£22,000) underspend relating to savings on printing and postages budgets and greater than budgeted fees and charges income of (£25,000).	50
		3,327
TOTAL		4,754

- 14 The council has faced significant additional costs in relation to the Covid-19 outbreak and significant loss of income. In many areas the costs and loss of income for the first quarter is known although the likely impact over the remainder of the year is much more uncertain. All additional costs and loss of income, net of Covid-19 related underspending, is being funded corporately and is therefore excluded from the cash limit.
- 15 The areas of forecast additional cost and loss of income in respect of CYPS are as follows:
- (a) Secure Services – it is forecast that there will be a shortfall in income of £1.209 million from the sale of bed nights to other local authorities and from delays in opening the new Step Down facility;
 - (b) additional experienced agency staffing costs £0.200 million in Children’s Social Care in order to meet increase in demand;

- (c) shortfall in income of £10,000 from delays in programmes and the sale of courses provided to schools by the Educational Psychology Service;
- (d) shortfall in income of £12,950 from schools between April and July for advice and guidance from SEND Advisory Officers;
- (e) Daycare Nurseries – it is forecast that there will be a shortfall in income of £0.195m as a result of less parental income due to parents working from home etc during the pandemic;
- (f) Durham Leadership Centre (DLC)– it is forecast that there will be a shortfall of £0.156m in lettings income at DLC due to employees / other organisations continuing working from home during the pandemic;
- (g) Curriculum and Professional Development – it is forecast that there will be a shortfall of £0.102m in courses and lettings income due to face to face courses continuing not to take place during the pandemic;
- (h) Fixed Penalty Notices – it is forecast that there will be a shortfall in parental fine income of £48,000 as the Government has prohibited fining parents for pupils’ non-attendance at school;
- (i) Training Course Income – it is forecast that there will be a shortfall of income of £42,000 relating to training courses and reduced support provided to schools;
- (j) Adult Learning Income – it is forecast that there will be a shortfall of income of £81,000 relating to grant income received for adult learners;
- (k) Education Lettings income at Stanley Teachers Centre – it is forecast that there will be a shortfall of £4,167 relating to room lettings income.

16 The major areas of forecast Covid-19 related savings in respect of CYPS are as follows:

- (a) savings relating to catering costs of £24,000 for Durham Leadership Centre due to less/no lettings taking place during the pandemic;
- (b) £0.586 million from staff vacancies in the Secure Centre.

17 In summary the Children and Young People’s Services service is reporting a cash limit overspend of £4.754 million against a revised budget of £134.112 million which represents a 3.54% overspend.

- 18 The outturn position incorporates the MTFP savings built into the 2021/22 budgets, which for Children and Young People's Services in total amount to £1.265 million.

Dedicated Schools Grant and Schools

- 19 The council currently maintains 192 schools, including nursery, primary, secondary, special schools and a single Alternative Provision (AP) school. The AP school is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion.
- 20 The original budget for 2021/22 for these 192 maintained schools was £281 million, funded by income of £65 million, budget shares of £208 million (from central government funding), and a budgeted £8 million use of accumulated schools' reserves. The table below summarises the schools' initial budgets.

	Nursery (£ million)	Alternative Provision (£ million)	Primary (£ million)	Secondary (£ million)	Special (£ million)	Original Annual Budget (£ million)
Employees	4.384	3.565	153.042	34.732	26.644	222.368
Premises	0.272	0.167	10.200	2.595	1.127	14.361
Transport	0.001	0.843	0.369	0.450	0.299	1.961
Supplies and Services	0.432	2.054	29.911	6.469	2.833	41.699
Income	(3.804)	(0.853)	(41.814)	(13.209)	(5.020)	(64.700)
Net expenditure	1.285	5.776	151.709	31.037	25.884	215.690
Budget share	(1.072)	(5.776)	(145.670)	(30.672)	(24.74 8)	(207.938)
Contribution to/(from) reserves	(0.213)	-	(6.039)	(0.365)	(1.135)	(7.752)
Balance at 31 Mar 21	(1.034)	-	(24.608)	(1.228)	(3.216)	(30.087)
Balance at 31 Mar 22	(0.822)	-	(18.569)	(0.863)	(2.081)	(22.335)

- 21 Four schools have been given approval to set deficit budgets where planned expenditure during 2021/22 would result in a deficit balance at 31 March 2022 (known as a licensed deficit). The budgets for these schools are summarised in the table below.

School Name	Phase	Deficit at 31 March 2021 (£ million)	Planned in-year use of reserves (£ million)	Planned deficit at 31 March 2022 (£ million)	Licensed deficit (i.e. balance at 31 March 2022) (£ million)
Ferryhill Station	Primary	0.045	0.026	0.019	(0.019)
St. Thomas More RC	Primary	0.047	(0.025)	0.072	(0.065)
Wellfield	Secondary	3.114	0.200	2.914	(2.914)
The Durham Federation	Secondary	0.504	(0.310)	0.814	(0.814)

- 22 St Thomas More is expected to convert to an academy in September and the licensed deficit takes account of the fact that it will not be a maintained school for the whole of the financial year. To facilitate the conversion of this school the council has agreed to write-off the deficit balance at the point of conversion. This will limit the council's exposure to having to write-off a larger deficit in the future if the school was to convert as a sponsored academy.
- 23 The School funding Team will monitor the budget position for these schools and will work with them to identify further savings.

Dedicated Schools Grant Centrally Retained Block

- 24 The quarter one financial forecasts for the centrally retained DSG budgets show an underspend of £1.080 million against a total expenditure budget of £101.056 million to year end, which represents a 1% underspend.

DSG Block	Budgeted Expenditure £ million	Budgeted Income £ million	Forecast Expenditure £ million	Forecast Income £ million	Forecast Over / (Under) Spend £ million
Schools de-delegated	0.352	(0.352)	0.352	(0.352)	-
High Needs	65.743	(65.743)	64.666	(65.743)	(1.080)
Early Years	31.935	(31.935)	31.935	(31.935)	-
Central Schools Services	3.026	(3.026)	3.026	(3.026)	-
TOTAL	101.056	(101.056)	99.976	(101.056)	(1.080)

- 25 The forecast under spend position relates to forecast savings against the High Needs Block (HNB), which is forecast to underspend by £1.080 million.

- 26 This forecast underspend largely relates to placements for post-16 students across the FE and Independent sector.
- 27 All areas of HNB expenditure will be kept under close review in light of continuing COVID-19 issues, with particular attention on the impact of schools returning where it is possible, we will see an upward trend in the volume of requests for additional support for high needs pupils.
- 28 The impact of the current forecast on the DSG reserves position is shown in the following table:

DSG Reserves	High Needs Block (Unusable Reserve) £ million	Early Years Block £ million	Schools Block £ million	Total DSG £ million
Balance as at 1 April 2020	(5.726)	1.275	0.644	(3.806)
Early Years adjustment 2019/20	-	0.097	-	0.097
Use [-] / Contribution [+] in 2020/21	(2.321)	0.003	2.105	(0.213)
Balance as at 1 April 2021	(8.047)	1.375	2.749	(3.923)
Use [-] / Contribution [+] in 2021/22	1.080	-	-	1.080
Forecast balance as at 1 April 2022	(6.967)	1.375	2.749	(2.843)

- 29 The overall DSG reserve was in deficit of £3.923 million at the start of the financial year as a result of the accumulated deficit position in relation to the high needs block. The High Needs deficit is set to reduce this financial year.
- 30 A five-year plan for high needs block funding and expenditure, including recovery of the accumulated deficit by the end of the five-year period, was approved by Cabinet in January 2020. An updated version of the plan was reported to Cabinet in July 2020.
- 31 Following a funding announcement from Government on 21 July 2021, further information is now available about HNB funding levels in 2022/23. The provisional position for Durham is better than forecast in the previous version of the five-year plan and the process of updating the plan to reflect this change, as well as the revised forecast outturn position for 21/22, is underway.

Capital Programme

- 32 The capital programme has been revised to take into account budget reprofiled from 2020-21 following the final accounts for that year and to take account of any revisions in the current year.

- 33 The revised budget is presented below together with actual expenditure to date and the forecast outturn. The budget may be subsequently amended with approval from MOWG.

Summary financial performance to the end of Qtr 1 is shown below

CYPS - Summary Point	Original 2021-22 Budget	Revised 2021-22 Budget	Actual	Forecast Outturn	Variance
	£000	£000	£000	£000	£000
CYPS - Education-SCP - LEP	47	47	2	47	-
CYPS – Children’s Services- Children’s Care	1,340	1,340	6	1,340	-
CYPS – Children’s Services - Planning & Service Strategy DUZ0053	1,616	1,616	207	1,616	-
CYPS - Education-Early Years	115	115	32	115	-
CYPS - Education-School Devolved Capital	3,944	3,944	378	3,944	-
CYPS - Education-School Related	17,768	17,768	1,232	17,768	-
CYPS – Children’s Services- Secure Services	121	121	15	121	-
Early Help Inclusion and Vulnerable Children – One Point	21	21	30	21	-
CYPS - SEN Capital	4,404	4,404	457	4,404	-
	29,376	29,376	2,359	29,376	-

Background Papers

- a) Cabinet report 15 September 2021 – Forecast of Revenue and Capital Outturn 2021/2022 – period to 30 June 2021.

Author(s)

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Appendix 1: Implications

Legal Implications

There are no implications associated with this report.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Consultation

There are no implications associated with this report.

Equality and Diversity / Public Sector Equality Duty

There are no implications associated with this report.

Climate Change

There are no implications associated with this report.

Human Rights

There are no implications associated with this report.

Crime and Disorder

There are no implications associated with this report.

Staffing

There are no implications associated with this report. Any over or under spending against the employee budgets are disclosed within the report.

Accommodation

There are no implications associated with this report.

Risk

The management of risk is intrinsic to good budgetary control. This report forms an important part of the governance arrangements within Children and Young People's Services. Through routine / regular monitoring of budgets and continual re-forecasting to year end the service grouping can ensure that it manages its finances within the cash envelope allocated to it.

Procurement

There are no implications associated with this report