

Children and Young People's Overview and Scrutiny

7 January 2022



Children and Young Peoples Services – Quarter 2: Forecast of Revenue and Capital Outturn 2021-22

Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide.

Purpose of the Report

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

Executive Summary

2. The Children and Young Peoples Services is reporting a cash limit underspend of £1.607 million against a revised budget of £139.079 million which represents a 1.15% underspend. In Q2 the CYPS budget received a permanent £4.5 million base to addresses the identified recurrent base pressure experienced by the service.
3. In arriving at the cash limit position, Covid-19 related expenditure of £2.345 million, offset by Covid-19 related savings of £0.550 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 change in earmarked reserves including DSG and School reserves of c£1.835 million (including the £44,000 use of CYPS reserves in quarter one), leading to a revised balance of £28.274 million at the year end, of which £19,560 million are schools related.
5. The projected capital outturn is nil variance against a revised budget of £25.450 million.

Recommendations

- Members of Children and Young People's Overview and Scrutiny committee are requested to note the Children and Young Peoples Services overall revenue and capital position

Background

- 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:
 - Children and Young Peoples Services Revenue Budget - £139.079 million (original £133.876 million)*
 - CYPS - Capital Programme - £25.450 million (original £33.641 million)*
- The original Children and Young Peoples 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 Peoples Services reserves (-)	240
Use of (+)/contribution to Corporate reserves (ERVR) (-)	-
Use of (+)/contribution to Other Service reserves (ERVR) (-)	-
Transfer from Other Services	4,990
Transfer to Other Services	-37
Revised Budget	139,079

- The use of / contribution to Children and Young Peoples Services reserves consists of:

	£000s
Durham Music Service Reserve	-22
Durham Learning Resources Reserve	43
Early Years Activity Reserve	10
Aycliffe Secure	176
National Supporting Families Programme Reserve	-49
DFE Holiday Activities and Food Grant	72
Vulnerable Young Learners Reserve	10
Total	240

10. The summary financial statements contained in the report cover the financial year 2021-22 and show: -
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the Children and Young Peoples 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 (£000)

11. The Children and Young Peoples Services service is reporting a cash limit underspend of £1.607 million against a revised budget of £139.079 million which represents a 1.15% underspend.
12. The tables below show the revised annual budget, actual expenditure to Qtr 2 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 Peoples 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	77,191	36,466	74,000	(3,191)	-	(326)	(2,865)
Premises	4,240	1,660	4,384	144	-	-	144
Transport	22,368	7,887	23,902	1,534	-	-	1,534
Supplies and Services	11,162	8,133	11,038	(124)	-	(24)	(100)
Third Party Payments	42,386	19,426	39,304	(3,082)	-	-	(3,082)
Transfer Payments	1,515	1,020	1,300	(215)	-	-	(215)
Capital	24,315	426	24,315	-	-	-	-
Central Support and Other Recharges	29,574	2,640	28,024	(1,550)	-	-	(1,550)
Income	(73,672)	(37,409)	(67,000)	6,672	-	2,145	4,527
Total	139,079	40,249	139,267	188	-	1,795	(1,607)

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	(73)	894	(172)	-		(172)
One Point & Think Family Service	2,089	(4,386)	1,993	(96)	-		(96)
Head of Early Help Inclusion and Vulnerable Children	534	533	531	(3)	-		(3)
Aycliffe Site and Price Training	689	55	704	15	-		15
Secure Services	(1,590)	25	(622)	968	-	968	0
SEND Strategy & Assessment & Provision EHIVC	1,941	503	1,609	(332)	-	13	(345)
SEND Inclusion Support EHIVC	1,637	237	1,566	(71)	-	10	(81)
Head of Early Help Inclusion & Vulnerable Children.	6,366	(3,106)	6,675	309	0	991	(682)

CYPS Operational Support Service	1,698	736	1,716	18	-		18
Children's Services Operational Support	1,698	736	1,716	18	0	0	18
Looked After Children and Permanence	8,107	3,635	7,854	(253)	-		(253)
Looked After Children Resources	44,070	22,968	43,119	(951)	-		(951)
Families First North	5,654	2,019	5,162	(492)	-	60	(552)
Families First East DG1520	3,852	1,957	3,986	134	-	60	74
First Contact and Specialist Services	4,052	1,583	3,983	(69)	-		(69)
Strategic Manager Families First South	4,381	2,128	4,357	(24)	-	80	(104)
Head of Children's Services	18,621	480	17,243	(1,378)	-		(1,378)
Safeguarding and Professional Practice	1,883	1,016	1,946	63	-		63
Head of Children's Social Care	90,620	35,786	87,650	(2,970)	0	200	(3,170)
Other Services	1,031	(1,495)	1,031	0	-		-
Central Charges (CYPS)	1,031	(1,495)	1,031	0	0	0	0
Build Schools For The Future-Summ	(1,215)	(1,274)	(1,215)	0	-		0
Support and Development	252	(127)	716	464	-	433	31
Progression and Learning	949	1,234	1,030	81	-	81	0
School Places and Admissions	39,376	7,878	41,480	2,104	-		2,104
Head of Education	(819)	239	(971)	(152)	-		(152)
Performance and Standards DG2850	821	378	1,155	334	-	90	244
Head of Education and Skills	39,364	8,328	42,195	2,831	0	604	2,227
Total	139,079	40,249	139,267	188	0	1,795	(1,607)

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	The forecast underspend relates mainly to vacant posts in the service	(172)
One Point & Think Family Service	The forecast underspend relates mainly to vacant posts in the service	(96)

Head of Early Help Inclusion and Vulnerable Children	The forecast underspend relates to a forecast overspend of £77,000 relating to MTFP savings offset by savings of £80,000 on employees, transport, supplies and services and support recharges.	(3)
Aycliffe Site and Price Training	The minor forecast overspend relates to building utility charges.	15
Secure Services	Secure Services are forecasting to breakeven at Q2. The forecast at Q2 assumes the estimated shortfall in income (£1.406 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 (£0.526 million) are being classed as a Covid related underspend in the current financial year.	0
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.	(345)
SEND Inclusion Support EHIVC	The forecast underspend relates to Virtual School income and underspend on Supplies and Services	(81)
		(682)
Children's Services Operational Support		
CYPS Operational Support Service	The forecast overspend relates mainly to Visiting Lecturer fees / Professional Fees and a small overspend on Employees.	18
		18
Head of Children's Social Care		
Looked After Children and Permanence	The underspend is mainly due to savings on transport costs (£0.254 million), Inter Agency Adoption (£0.355 million) and over achievement of income (£0.251 million) offset by an overspend mainly related on the purchase of therapeutic services and leaving care accommodation (£0.607 million)	(253)
Looked After Children Resources	The forecast underspend is mainly due to Adoption Allowances, Child Arrangement Orders and Special Guardianship Orders (£0.602 million) and underspends relating to non-operational homes (£0.484 million) offset by an overspend (£0.135 million) mainly in relation to agency staff	(951)

Families First North	The forecast underspend mainly relates to forecast savings on vacant posts (£0.207 million) including newly created posts in the Disability Team, underspend on reduced travel costs (£0.126 million) a forecast saving (£0.200 million) on Direct Payments and additional income (£0.279 million) from the CCG for joint funded placements offset by a net overspend of £0.260 million on short breaks	(552)
Families First East DG1520	The forecast overspend relates mainly to employee costs (£0.190 million), non-recurrent expenditure (£40,000) offset by savings on reduced transport costs (£0.156 million)	74
First Contact and Specialist Services	The forecast underspend mainly relates to savings on staff travel costs	(69)
Strategic Manager Families First South	The forecast underspend mainly relates to savings on car allowances and transportation costs for children and young people	(104)
Head of Children's Services	The forecast underspend relates mainly to employee budgets, including £0.880 million aligned to the LAC Restructure and agency staff budget where expenditure is charged to the social work teams	(1,378)
Safeguarding and Professional Practice	The forecast overspend mainly relates to employee costs (£88,000) including additional Independent Reviewing Officers and maternity leave cover and training costs (£31,000) in the Social Work Academy offset by additional grant income (£33,000) for newly qualified social workers and savings on transport costs (£23,000).	63
		(3,170)
Head of Education and Skills		
Build Schools For The Future-Summ	There is no forecast under or overspend attributable to this service.	0
Support and Development	The forecast overspend mainly relates to £0.197 million shortfall in SLA income, £0.154 million shortfall in other income (particular Daycare Nursery and CPD income streams). There is also a forecast underspend of £0.249 million on employees from savings on vacant posts and other pay budgets, £25,000 underspend on car allowances, £24,000 underspend on staff recharges, and £22,000 underspend on Visiting Lecturers and Subsistence.	31
Progression and Learning	There is no forecast under or overspend attributable to this service.	0

School Places and Admissions	The forecast overspend is mainly attributable to a projected overspend of £2.332 million on Home to School Transport, £11,000 overspend which is due to the inability to achieve staff turnover savings, £1,000 overspend on Printing and Postages partially offset with an underspend of £0.242 million due to a reduction in pension liabilities.	2,102
Head of Education	This forecast underspend relates to an saving on Other Pay of £0.146 million (budget that is usually retained for incremental drift purposes) and a small underspend of £6,000 on Employees.	(152)
Performance and Standards DG2850	This forecast overspend mainly relates to a £0.433 million shortfall in SLA income and an income shortfall of £92,000 (largely attributable to School & Governor Support Unit and course income streams). There are also forecast underspends of £0.158 million on employees from savings on vacant posts and other pay budgets, a £79,000 underspend relating to staff recharges, a £28,000 underspend relating to savings on printing and postages budgets and an underspend on staff travelling and car allowances of £16,000.	244
		2,225
Total		(1,607)

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. The likely impact over the remainder of the year however is much more uncertain. All additional costs and loss of income, net of Covid-19 related underspending, is being treated 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 £1.494 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) DCC 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 – 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 pupil's 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) £0.526 million from staff vacancies in the Secure Centre.

17. In summary the Children and Young Peoples Services service is reporting a cash limit underspend of £1.607 million against a revised budget of £139.079 million which represents a 1.15% overspend.

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

Dedicated Schools Grant and Schools

19. The council currently maintains 187 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 current budget for 2021/22 for these 187 maintained schools is £275 million, funded by income of £64 million, budget shares of £201 million (from central government funding), and a budgeted £10 million use of accumulated schools' reserves. The table below summarises the schools' current budgets.

	Nursery	Primary	Secondary	Special & AP	Current Annual Budget
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Employees	(4.480)	(151.450)	(30.563)	(30.275)	(216.768)
Premises	(0.277)	(10.138)	(2.352)	(1.294)	(14.062)
Transport	(0.001)	(0.375)	(0.385)	(1.142)	(1.903)
Supplies and Services	(0.490)	(30.853)	(5.611)	(4.996)	(41.951)
Gross Expenditure	(5.248)	(192.816)	(38.911)	(37.708)	(274.684)
Income	3.873	41.620	12.597	5.877	63.967
Net expenditure	(1.376)	(151.196)	(26.314)	(31.831)	(210.717)
Budget share	1.072	143.387	25.751	30.524	200.735
Contribution to/(from) reserves	(0.304)	(7.808)	(0.563)	(1.307)	(9.982)

Balance at 31 Mar 21	1.034	24.231	1.060	3.216	29.542
Balance at 31 Mar 22	0.731	16.423	0.498	1.909	19.560

21. Four schools were 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	Planned in-year use of reserves	Planned deficit at 31 March 2022	Licensed deficit (i.e. balance at 31 March 2022)
		£ million	£ million	£ million	£ 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 has now converted to an academy in September. This was expected and the licensed deficit took account of the fact that it was not expected to 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. The final balance upon conversion will be confirmed in December.
23. Ferryhill Station will be required to make operational changes In order to set a balanced budget by the end of 2022/23.The school is still considering options to achieve the required savings to comply with the licensed deficit and balance its budget by the end of next year.
24. Both Wellfield and Durham Community Business College expect to comply with their licensed deficits. (Durham Community Business College was formerly part of The Durham Federation, with Fyndoune Community College, which has now closed).
25. The School funding Team is monitoring the budget position for these schools and will work with them to identify further savings.

Dedicated Schools Grant Centrally Retained block

26. The quarter two financial forecasts for the centrally retained DSG budgets show an overspend of £1.455 million against a total expenditure budget of £101.056 million to year end, which represents a 1.44% overspend.

DSG Block	Budgeted Expenditure £ million	Budgeted Income £ million	Net Budget £ million	Forecast Outturn £ million	Forecast Over / (Under) Spend £ million
Schools de-delegated	0.352	(0.352)	-	-	-
High Needs	65.743	(67.198)	-	1.455	1.455
Early Years	31.935	(31.935)	-	-	-
Central Schools Services	3.026	(3.026)	-	-	-
TOTAL	101.056	(101.056)	-	1.455	1.455

27. The forecast overspend position relates to forecast savings against the High Needs Block (HNB), which is forecast to overspend by £1.455 million.
28. This forecast overspend largely relates to Top Up Funding for mainstream Nursery, Primary and Secondary pupils and the Local Authority PRU and associated income.
29. 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.
30. The impact of the current forecast on the DSG reserves position is shown in the following table:

DSG Reserves	High Needs Block £ 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	(1.455)	-	-	(1.455)
Forecast balance as at 1 April 2022	(9.502)	1.375	2.749	(5.378)

31. 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.

32. 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.
33. 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

34. 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.
35. 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.

36. Summary financial performance to the end of Qtr 2 is shown below:

CYPS	Original (MAY MOWG) Budget 2021/22 £000	Revised Annual Budget 2021/22 £000	Actual Spend 30/09/21 £000	Forecast Outturn £000	Forecast Variance £000
Education-SCP - LEP	45	47	10	47	-
Children's Services-Children's Care	1,333	244	11	244	-
Planning & Service Strategy	1,616	1,616	302	1,616	-
Early Help Inclusion and Vulnerable Children- One Point	21	21	43	21	-
Education-Early Years	115	79	55	79	-
Education-School Devolved Capital	3,858	4,020	1,346	4,020	-
Education-School Related	22,128	15,013	4,643	15,013	-
SEN Capital	4,404	4,404	1,169	4,404	-
Children's Services-Secure Services	121	6	51	6	-
Total	33,641	25,450	7,630	25,450	-

Contact: A.Baldwin

Tel: 03000 263490

Appendix 1: Implications

Finance

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

Staffing

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

Equality and Diversity / Public Sector Equality Duty

There are no implications associated with this report.

Accommodation

There are no implications associated with this report.

Crime and Disorder

There are no implications associated with this report.

Human Rights

There are no implications associated with this report.

Consultation

There are no implications associated with this report.

Procurement

There are no implications associated with this report.

Disability Issues

There are no implications associated with this report.

Legal Implications

There are no implications associated with this report.

