

CHILDREN AND YOUNG PEOPLE'S SERVICE

CORPORATE DIRECTOR MEETING WITH EXECUTIVE MEMBERS

5th February 2019

Q3 REVENUE BUDGET MONITORING FINANCIAL UPDATE

1.0 PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide an update on the Q3 projected revenue outturn position for 2018/19.

2.0 REVENUE FORECAST POSITION

- 2.1 The projected outturn for **Children and Young Peoples Services** is an overspend position of £9,288k by the end of the 2018/19 financial year. The key areas of financial pressure and underspend are summarised in the table below. While all these areas had been previously highlighted in the reports to Executive in 2018/19, it should be noted that two have changed significantly since the last quarter's report:

- **SEN Transport**

Significant additional demand following the implementation of the new transport network from September 2018 has resulted in an increase in the projection by £982k since Q2. This reflects an increase in EHCPs with children and young people travelling further distances to attend special schools or specialist provision than they might otherwise do in mainstream provision. Savings generated by the changes to transport policy taken effect in September 2018 are offsetting this growth partially; the rising trend is expected to continue in 2019/20.

- **High Needs**

The underlying projected overspend on High Needs remains at £5.7m, which is adjusted down by £1.6m of one-off funding transfer from Schools Block as agreed by the Schools Forum at the start of 2018/19. However, the net bottom line projection has further improved by £1,101k since Q2 following the announcement on 16 December 2018 of an additional £250m of high needs funding for English councils, across the two financial years 2018/19 and 2019/20. The NYCC share of this additional temporary funding is £1.2m in this financial year.

Directorate	Service	Outturn Q3
CYPS	SEN Transport	+£3,234k
CYPS	Children & Families	-£313k
CYPS	Placements	+£460k
CYPS	Disabled Children's Services	+£825k

CYPS	School Improvement	-266k
CYPS	Pooled Budget	+£650k
CYPS	Safeguarding Unit	+£78k
CYPS	Inclusion	+£330k

DSG	Sponsored Academies	+£561k
DSG	School Redundancies	+£542k
DSG	Early Years	+£229k
DSG	High Needs Commissioning	+£2,952k

2.2 The items marked as DSG are funded from the Dedicated Schools Grant but as the grant funding is not sufficient to cover these costs the shortfall will impact on the County Council budget.

2.3 As set out in the previous reports to CYPLT, a number of emerging pressures were identified in 2017/18 which have continued into 2018/19. As the year has progressed, the pressures have continued with a significant overspend position forecast based on the information available as at the end of December 2018:

- Significant financial pressure in High Needs – a 46% rise in Education, Health and Care Plans (EHCPs) since 2014 coupled with real-terms decreases in funding have led to a projected £5.7m in-year underlying overspend. The High Needs budget allocates funding for mainstream and special schools to support children and young people with special educational needs. At the same time, the number of permanent and fixed-term exclusions are increasing. Management action to address the overspending is in train as part of the implementation of the SEN Strategic Plan, which include measures such as reviewing the post-16 guided learning hours and a planned transformation of the Pupil Referral Service. Both were under public consultation running from October 2018 to November 2018, and the final proposals were approved by Executive in January 2019.
- Linked with the increase in demand for SEN financial support, the cost of SEN transport arrangements has continued to increase. Management action to address the overspending is in train with a focussed service review planned to take place in January/February 2019.
- A number of DfE policies result in financial obligations sitting with the local authority. With DSG reserves fully exhausted, the cost of school redundancies, closing school deficits and sponsored academy deficits falls to the local authority to fund. The gross value of these obligations in 2018/19 is estimated at c. £2m.
- Pressure within local commissioning, occupational therapy and Direct Payment Support costs have continued within Disabled Children's Services. Management action to address this overspending includes the closure of a children's resource

centre from Feb 2019 and self-review of the existing provision, which has in turn led to several new proposals (on staffing and policy) currently being progressed for approval and implementation by September 2019.

- There are currently 454 looked after children. Over the last few years, numbers reduced by nearly 20% but following a significant rise in referrals, child protection plans and children in need, the number of LAC is higher than anticipated. In particular, the mix of placements has seen a small number of secure remand placements increase the in-year costs. These placements have now ended and management actions have been put in place to mitigate the risk of potential cases escalating to this level, and it is not expected there will be any further secure remand placements for the remainder of the year.

3.0 RECOMMEDATION

- 3.1 Executive Members are asked to note the Q3 financial position.

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