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**Meeting:** Children's Services Overview and Scrutiny Committee  
**Date:** 6 September 2011  
**Subject:** Revenue Budget Management Report Quarter ended 30 June 2011  
**Report of:** Cllr Mark A G Versallion, Executive Member for Children Services  
**Summary:** The report sets out the projected full year forecast as at 30 June 2011

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Contact Officer: Edwina Grant, Deputy Chief Executive / Director of Children Services  
Public/Exempt: Public  
Wards Affected: All  
Function of: Council

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

Sound financial management contributes to the Council's value for money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities

### **Financial:**

The financial implications are set out in the report.

### **Legal:**

None

### **Risk Management:**

None

### **Staffing (including Trades Unions):**

Any staffing reductions as a result of compensatory efficiencies or grant reductions are being carried out in accordance with the Council's Managing Change Policy and in consultation with the Trade Unions.

### **Equalities/Human Rights:**

Equality Impact Assessments were undertaken prior to the allocation of the 2010/2011 budgets and each Directorate was advised of significant equality implications relating to their budget proposals. Many of the pressures outlined in this report are in relation to those needs led services which support the most vulnerable children in our communities.

### **Community Safety:**

Any savings of efficiency proposals and reduction in grant that remove or change the level of service provided may have an impact on the community safety priorities and potentially result in an increase in crime, anti social behaviour, fear of crime and public confidence.

### **Sustainability:**

None

**RECOMMENDATION:**

**That the Committee notes and considers this report.**

**Purpose of Report**

1. The report sets out the projected financial position to the end of March 2012 based on the information available as at the end of June 2011, being the 1<sup>st</sup> quarter.

**Introduction and Key Highlights (Appendices A2)**

2. Children's Services annual expenditure budget is £69.1M and income budget, including transport, is £33.5M which leaves a net expenditure budget of £35.6M.
3. The full year projected outturn position for 2011/12 is £0.1M overspend against a £35.6M budget. This assumes full spend against allocated grants.
4. The budget for the first quarter is £8.86M compared to actual spend in the first quarter of £7.217M, below budget by £1.645M. A number of grants have been received and where appropriate and the data is known, budgets have been profiled in June. The spend to date variance is a combination of the impact of spend against grants, such as the Early Intervention Grant of £8.9M where expenditure will be periodic and the trend of spend associated with Education budgets through the school year which is variable.
5. Within Children's Services Operations, the overall forecast variance is currently showing an under spend of £93K. The Child Protection and Children in Care budgets are forecasting a total overspend to date of £182K. This pressure is mainly due to agency workers covering qualified posts currently vacant, (each individual post costing a third more than permanent staff). Increasing movement in staff turnover and losses is influencing current recruitment and retention however rolling recruitment is taking place so that the most skilled workers available to be recruited can be recruited to full time positions in the Council. The development of qualified social workers to fill vacancies is an ongoing key activity. The current overspend forecast is currently mitigated by staffing consultations that are planned to liberate savings in 2012/2013 and where vacancies have occurred. Children with Disabilities Service is forecast £130K underspend, and work on evaluating ongoing spend on disabled children against other councils has just begun. In particular, spend on short breaks for disabled children is currently subject to a more detailed analysis of spend on a case by case basis.
6. Within Learning and Strategic Commissioning, the forecast variance is an overspend of £179K. The key variance relates to Transport where the difficult to achieve cross cutting efficiency target of £1,054K is expected not to realise by £405K for 2011/12. This has been offset by £88K savings due to the reduction of contribution required by the authority for the affordability gap on the two PFI Schools, and temporary staffing savings within Learning and Strategic Commissioning of £164K mainly due to a restructure of the service where in year savings will arise that will make part contribution to the efficiencies in the Medium Term Financial Plan.

7. Not currently forecast are a number of possible risks that could see the budget variance rise over the forthcoming months:

- Possible future additional roles following Munro's Review of Child Protection. The Government's response to the Munro report and implementation of this is likely to cause additional pressures as recommendations suggest the need to enhance the role of the Local Safeguarding Board.
- needs led budgets within Child Protection and Special Educational needs and the additional impact of recent OFSTED inspection recommendations on child protection which increase the need for qualified social workers.
- the budget build assumption that supplies and service (non contractual) and staffing expenditure will have 0% inflation applied. Children Services subjective analysis shows 40% of spend relates to supplies and services. Should suppliers not be forthcoming with a "no inflation" position this will impact significantly.
- a number of employees are also on Teachers' pay and conditions having achieved a 1% pay rise and this was not accounted for in the revenue budget.
- legal expert fees that may be required in addition to the budgeted court process and a possible pressure for 24hour cover for the Emergency Duty Team.
- number of schools converting to Academy status should the recoupment value rise above £1M agreed by School Forum to fund from the Dedicated Schools Grant. Recoupment currently stands at £264K however latest figures based on the number of schools seeking Academy status show that this will rise to £698K.
- there is currently no agreement with Bedford Borough for charges relating to the Pupil Referral Unit disaggregation for 2011/12.

#### Medium Term Pressures

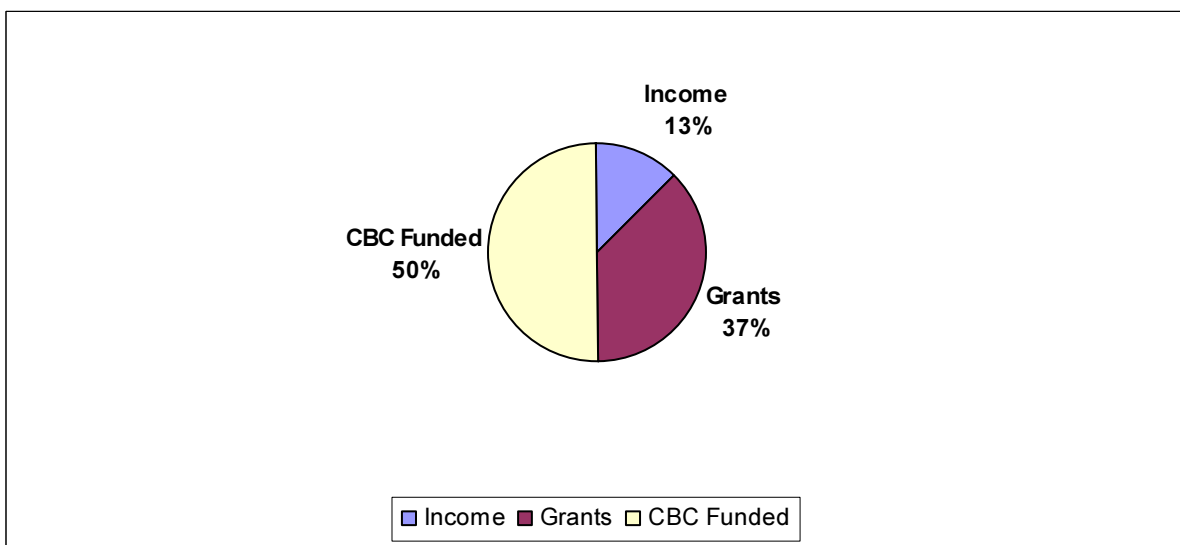
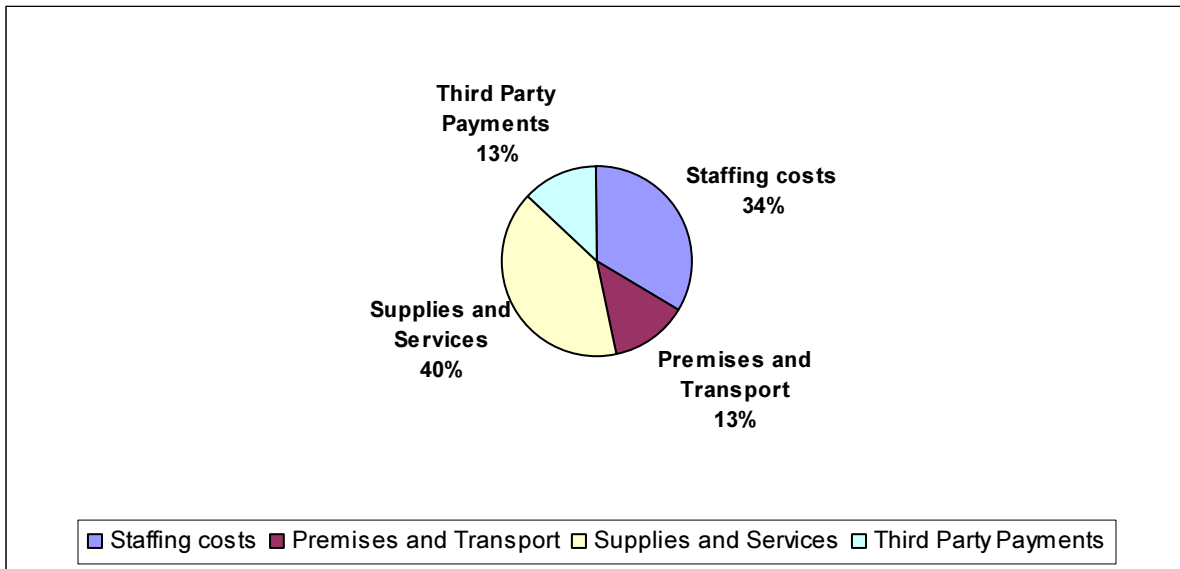
- ICS project management, achieving the required reduction in staff £400K.

### Summary Table A: Directorate Overall Position

	Approved Budget	Provisional Outturn Spend for Year	Full Year Forecast Variance (-under)/overspend	Full Year Forecast Variance after transfers to/from reserves (-under)/overspend
	£000	£000	£000	£000
Director CS	176	176	0	0
AD - CSO	20,444	20,351	(93)	(93)
AD – L & SC	8,814	8,603	(211)	(226)
Transport	7,955	8,360	405	405
<b>Total (Excluding Schools)</b>	<b>37,388</b>	<b>37,491</b>	<b>102</b>	<b>87</b>
Schools/ DSG	(1,817)	(1,817)	0	0
<b>Total Director of Children's Services</b>	<b>35,571</b>	<b>35,673</b>	<b>102</b>	<b>87</b>

### Table B – Subjective Analysis

Expenditure type (Excluding Schools)	Forecast Outturn (Before use of Reserves) £000
Staffing Costs	23,808
Premises and Transport	9,277
Supplies and Services	28,540
Third Party Payments	9,352
<b>Total Expenditure</b>	<b>70,977</b>
Income	8,981
Grants	26,322
<b>Total Income</b>	<b>35,303</b>
<b>Net Expenditure</b>	<b>35,674</b>



**Director of Children’s Services**

- 8. Full year forecast for the Director is expected to be on budget, there are no significant issues to report.

**Children’s Services Operations**

- 9. AD Children’s Services

AD Children’s Services is expected to be on budget. It is recognised that potential demand on external contracts may generate a pressure in this area. Two high cost residential placements have recently ceased, with two residential placements starting. This is monitored throughout the year and decisions are made through resourcing panels, Head of Service and Assistant Director sign off.

The service recognises the vulnerability and volatility of these needs led budgets particularly in Child Protection and Looked After Children. The budget risks are raised as soon as they occur. There are currently some tenders re commissioned services that require completion and when confirmed their total costs can be forecast accurately and may demonstrate a reduction in price.

10. Child Protection & Children In Care

Full year forecast is £182K over budget. The pressure is due to the level of agency workers required currently to cover qualified social worker posts. Recruitment processes are in place but recruitment remains challenging due to current 2% The service continues to support the development of qualified social workers. The Asylum budget is currently on budget and is monitored monthly given the unpredictability of service user numbers and challenges of the Home Office Grant processes.

11. Children with Disabilities Service

Full year forecast is currently £130K under budget. Work is ongoing around short breaks for disabled children and the costs are being profiled to ensure the authority is in line with new legislation and guidance. This will impact upon this under spend by the next quarter.

12. Health

Full year forecast is currently on budget.

13. Quality Assurance CRS Service

Full year forecast is currently £9K under spend. There is a £30K pressure alongside this as a result of extra administrative capacity required to support the role of the Risk and Compliance Manager, child protection and review reporting.

14. Fostering & Adoption Service

Full year forecast is £22K over budget. This is due to a pressure in the Independent Fostering Agency (IFA) budget of £279,780. This has arisen due to new legislation and guidance which precludes the service from using in house carers outside of their approval parameters, resulting in children being placed in IFA much earlier.

15. Local Safeguarding Children's Board

The full year forecast shows a pressure of £6k. This is due to the enhanced role of the Central Bedfordshire Safeguarding Board Chairperson to begin to ensure compliance with the expected impact of the Munro's recommendations. There may be more pressures in this area as new roles emerge as the government responds to the report.

16. Early Intervention and Prevention

Full year forecast is £160k under budget. Savings here are currently mitigating the current overspend forecast within Child Protection and Children In Care. However tenders are currently being progressed for services that will be implemented by September 2011. These will impact on the year end forecast when final costs are agreed.

## Learning & Strategic Commissioning

### 17. AD Learning and Strategic Commissioning

Full year forecast is currently on budget. Actual spend to date is currently under budget due to the holding of budget for pressures within the PRU and the possible impact of Academy conversions.

### 18. Children's Services Commissioning/Youth Service

Full year forecast is currently on budget. Cost centres are currently being aligned to expected spend and the forecast reviewed. The variance of spend to date is as a result of spend against grant not having yet taken place and the timing of staff being released into redundancy.

### 19. School Support Service

Full year forecast is £21K over budget. This has arisen within the PRU. Although further pressures may emerge from the re-commissioning of the PRU and disaggregation of staff as the disaggregation may have allocated to Central Bedfordshire more staff than is required going forward. It is anticipated that Bedford Borough will pass over the DSG related to Central Bedfordshire's sole registered pupils as at census date (January 2011).

SEN Recoupmnt remains a concern as disputes on charging levels with Bedford are not resolved. The variance of spend to date relates to the profile of education spend through the year which is not linear.

### 20. Other School Budgets

The full year forecast is currently on budget. There is no foreseen pressure to arise from this area as these budgets are all funded by the DSG in agreement with School Forum.

### 21. Partnerships and Workforce Development

Full year forecast position reflects a £164K underspend. Due to a restructure of the service a £100K in year saving will arise that will contribute to the 12/13 efficiencies. There is additional income forecast here of £97K.

### 22. School Improvement

Full year forecast is currently on budget. The shortfall of budget for the Virtual School will be sought from the School Forum from DSG.

### 23. Standards Fund

Full year forecast for Standards Fund budgets managed by School Improvement is on budget.

### 24. Music Service

The full year forecast position reflects an £8K overspend. This may vary in year due to ongoing evaluation of financial predictions as parent take up of lessons is monitored.

## 25. School Organisation & Capital Planning

The full year forecast reflects an underspend of £88K. The annual PFI review taking account of revised floor areas has resulted in an increased contribution from the schools reducing the affordability gap for the Council. £10K of this underspend has arisen in the School Org & Capital Planning/School ICT teams to reflect a staff vacancy and training spend freeze.

Principle Agreements are currently being drafted to enable the conversion of the PFI schools to Academy status and it is possible from 2012/13 that the affordability gap funded by the LA may be totally funded by the DfE saving the LA an estimated additional £500K in 2012/13

## Transport

26. The full year forecast is £405K overspend. This is an area of high risk with a cross cutting efficiency target of £1,054K which is expected not to realise.

## Schools

27. The Revenue carry forward to 2011/12 is £10.5M a rise of £2.7M from the previous financial year. The balance control mechanism has been removed from the Scheme for Financing Schools for 2011/12 and along with the consultation on future funding for schools, may have influenced the increase in school reserves.

The Capital reserves fell by £1.6M to £4.4M.

There are three agreed licensed deficits in 2011/12 and a further four currently being considered for approval.

90% of budgets have now been received from schools which will provide information on any schools causing concern.

Academy conversions continue with recoument of DSG currently forecast at £698K. It is anticipated that 44% of pupils will be attending Academies from September 2011.

The consultation on future funding continues along with the funding of Academies. The impact of Special school converting to Academy status is not yet known.

## Virements

28. The budget virements that have taken place during the first quarter have been part of the base budget realignment. Over 125 cost centres have been deleted during this process.

Some budgets have been profiled. Transport budgets have been profiled to reflect the number of school days in a month.



## **Efficiencies (Appendix B)**

29. The efficiency target for 2011/12 is £4.971M (including Cross Cutting efficiencies – Transport £1.054M and Procurement £0.037M).
30. As of 30 June 2011, the forecast is on track to deliver £4.563M of the £4.971M 2011/12 efficiency target, leaving a current anticipated shortfall of £408K relating to the Passenger Transport Review savings and the £8K pressure in Music Service.

## **Reserves Position (Appendix C)**

31. There is a proposed use of corporate reserves of £16K as a result of a duplication in 2010/11 of £24K offset by £40K of redundancy costs in 2011/12.

## **Debt Management (Appendix D)**

32. Debts over £10k total £2,251K. Of this figure £1,650K are debts older than 30 days.

## **Appendices:**

**Appendix A2 Directorate Position analysed by AD**

**Appendix A4 Revenue Subjective Analysis**

**Appendix B Efficiencies**

**Appendix C Earmarked Reserves**

**Appendix D Debt Analysis**