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**Meeting:** Children's Services Overview and Scrutiny Committee  
**Date:** 15<sup>th</sup> December 2011  
**Subject:** Budget Management Report Quarter ended 30th September 2011  
**Report of:** Cllr Mark A G Versallion, Executive Member for Children's Services  
**Summary:** The report sets out the projected full year forecast as at 30th September 2011

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**Advising Officer:** Edwina Grant, Deputy Chief Executive / Director of Children's Services  
**Contact Officer:** Dawn Hill, Senior Finance Manager  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Council

<b>CORPORATE IMPLICATIONS</b>	
<b>Council Priorities:</b>	
1.	Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities. These are: <ul style="list-style-type: none"><li>• Supporting and caring for an ageing population</li><li>• Educating, protecting and providing opportunities for children and young people</li><li>• Managing growth effectively</li><li>• Creating safer communities</li><li>• Promoting healthier lifestyles.</li></ul>
<b>Financial:</b>	
2.	The financial implications are set out in the report.
<b>Legal:</b>	
3.	Not applicable
<b>Risk Management:</b>	
4.	Not applicable
<b>Staffing (including Trades Unions):</b>	
5.	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.
<b>Equalities/Human Rights:</b>	

6. 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:**

7. 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:**

8. Not applicable.

**Procurement:**

9. Not applicable.

**RECOMMENDATION(S):**

**The Committee is asked to:-**

1. **Note and consider this report.**

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

10. Children's Services annual expenditure budget is £70.4M and income budget, including transport, is £35.2M which leaves a net expenditure budget of £35.2M. The full year projected outturn position for 2011/12 quarter two is £0.167M under spend, this is compared to the quarter one forecast of a £0.087 overspend. A favourable movement of £0.254M.
11. The cumulative budget for quarter two is £17.038M compared to actual spend of £16.446M, below budget by £0.792M. 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 is periodic, and Transport.
12. Within Children's Services Operations, the overall forecast variance is an over spend of £382K (£93K underspend quarter one). This pressure and variance to quarter one is mainly due to additional expensive specialist children placements, an increase in Leaving Care Accommodation as a result of the Southwark judgement and the cost of agency workers covering qualified posts. The development of qualified social workers to fill vacancies is an ongoing key activity.
13. Within Learning, Commissioning and Partnerships, the overall forecast variance is an underspend of £544K (£179K overspend quarter one). The improvement and variance to quarter one is mainly due to the contribution from the Dedicated Schools Grant (£520K) for Out of County Placements and Academy Recoupment, as agreed by the School Forum.

14. As in previous months there has been an increase in needs led budgets within Child Protection and Special Educational needs.

Resources continue to be deployed to address the additional impact of recent OFSTED inspection recommendations on child protection which increase the need for qualified social workers and the preparations to respond to Professor Munro's report on child protection.

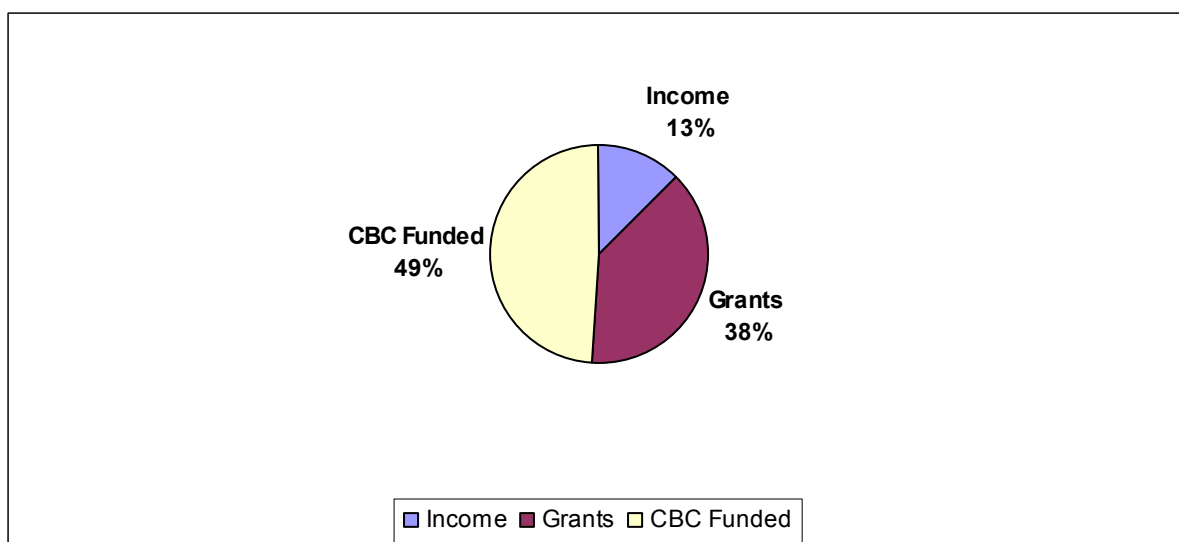
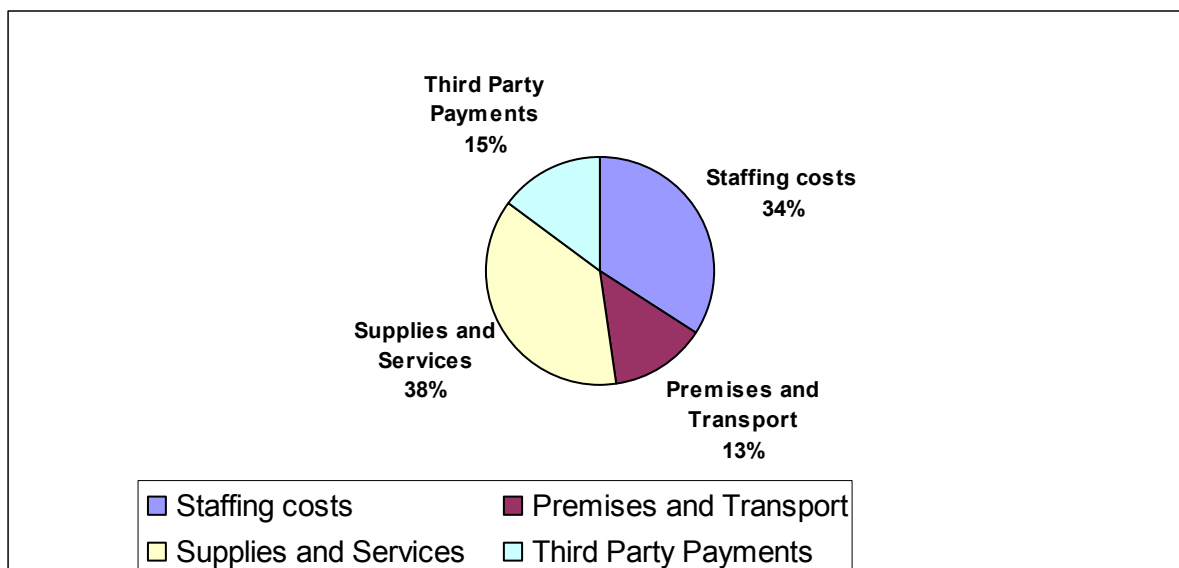
The number of schools converting to Academy status continues to impact on budgets and budget profiling and work is ongoing to prepare for the required savings on the CCMS (previously known as ICS project).

### Summary Table A: Directorate Overall position

	Approved Budget	Provisional Outturn Spend for Year	Full Year Forecast Variance (-under)/ over	Full Year Forecast Variance after Reserves (under)/over
	£000	£000	£000	£000
Director CS	176	176	0	0
AD - CSO	20,439	20,833	395	382
AD – LCP	8,423	7,435	(988)	(926)
Transport	7,955	8,332	377	377
<b>Total (Non Schools)</b>	<b>36,993</b>	<b>36,777</b>	<b>(216)</b>	<b>(167)</b>
Schools/ DSG	(1,817)	(1,817)	0	0
<b>Total Director of Children's Services</b>	<b>35,176</b>	<b>34,960</b>	<b>(216)</b>	<b>(167)</b>

### Table B – Subjective Analysis (Based on Forecast Outturn)

Expenditure type (Excluding Schools)	Forecast Outturn (Before Reserves) £000
Staffing Costs	24,339
Premises and Transport	9,556
Supplies and Services	26,851
Third Party Payments	10,488
<b>Total Expenditure</b>	<b>71,235</b>
Income	9,104
Grants	26,921
<b>Total Income</b>	<b>36,025</b>
<b>Net Expenditure</b>	<b>35,210</b>



### Table C – Grant Analysis

The majority of Grants listed in the table below are ringfenced and have corresponding direct expenditure.

Grant	£000's	Ringfenced / Non ringfenced
Dedicated Schools Grant (DSG)	13,770	Ringfenced
Early Intervention Grant	8,933	
PFI Grant	1,886	Ringfenced
Asylum Seekers Grant	756	Ringfenced
Music Grant	458	Ringfenced
YPLA Grant	430	Ringfenced
Succession Planning Grant	239	Ringfenced
Various Misc (School ICT Buy Back / Workforce Development etc)	449	Combination
<b>Total Grants</b>	<b>26,921</b>	

15. The distribution of the Dedicated Schools Grant (DSG) is in accordance with The School Finance (England) Regulations 2011 which prescribes in Schedule two the purposes that the LA may hold funding to contribute to central services. The DSG reported in Table C (£13.77M) can be further analysed as below:

	<b>£000's</b>
Special Education Provision	4,867
DSG Contribution to Central Overheads	1,817*
School Contingency	1,721
Pupil Referral Unit	1,757
School Individual Budgets	1,054
14 – 19 Practical Learning	716
Access to Education	563
Academies Statements / Early Years	439
Other School Budgets	382
Advanced Skills Teachers	256
Teachers Unions and Professional Associations	97
Other Expenditure	101
<b>Total</b>	<b>13,770</b>

16. The Central Overheads\* that are apportioned to Children's Services at year end are supported by £1.817M of Dedicated Schools Grant. The table below details the central overheads that have been included on Central Bedfordshire's Section 251 Budget Statement for 2011/12 and that DSG will contribute to.

**Table D – Budgeted Central Support Overheads**

	<b>£000's</b>
Customer Services	1,132
Legal Services	707
Internal Audit	381
ICT	3,427
Risk Management	426
Corporate Finance	662
Business Support	915
Procurement	455
HR	923
Communications	744
Business Transformation	421
Property	1,444
Policy and Performance	650
Office Accommodation to Services	634
<b>Total</b>	<b>12,921</b>

17. Central expenditure must not increase as a proportion of the overall Schools' Budget. This mechanism is known as the Central Expenditure Limit (CEL) and can only be breached in exceptional circumstances and with the specific approval of the Schools' Forum.

## Director of Children's Services

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

## Children's Services Operations

19. AD Children's Services

AD Children's Services is £50K under spent due to savings in salary costs and discretionary spend.

20. Child Protection & Children In Care

Full year forecast is £592K over budget, an increase of £410K from quarter one. The increase is due to additional specialist children placements, the impact of the Southwark judgement, causing an increase in Leaving Care Accommodation and the level of agency workers required currently to cover qualified social worker posts. Recruitment processes are in place but recruitment remains challenging. The service continues to support the development of qualified social workers. The Asylum budget is currently under budget but it is recognised that it is difficult to monitor given the unpredictability of service user numbers and challenges of the Home Office Grant processes. The service retendering of High Level Family Support commissions have also offset pressures. The service recognises the vulnerability and volatility of these needs led budgets. The budget risks are raised as soon as they occur. It is recognised that potential demand on external contracts may generate a pressure in this area.

21. Children with Disabilities Service

Full year forecast is £70K underspend, a reduction of £60K from quarter one. 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 budget by the next quarter. Where possible Short Break expenditure is charged against the Early Intervention Grant to release core budget.

22. Health

Full year forecast is currently on budget, no change from quarter one.

23. Quality Assurance CRS Service

Full year forecast is currently £2K under spend, a marginal change from quarter one.

24. Fostering & Adoption Service

Full year forecast is £18K over spend (£22K over spend quarter one). Pressure in the Independent Fostering Agency (IFA) budget of £315K has arisen due to new legislation and guidance which precludes the use of in house carers outside their approvals. This has resulted in children being placed in IFA much earlier. Costs have been offset by the corresponding savings in 'In House' carers of £174K, who cannot now be used for this service.

This pressure has been further offset by savings in other demand led budgets within Fostering and Adoption which balances the above figures.

25. Local Safeguarding Children's Board

Full year forecast is currently on budget (£6K overspend quarter one).

26. Early Intervention and Prevention  
Full year forecast is £106K under budget. This will align to the base budget build saving for the parenting service.

### **Learning, Commissioning and Partnerships**

27. AD Learning, Commissioning and Partnerships  
Full year forecast is £280k under budget. This saving has arisen due to contributions from DSG, with School Forum agreement to fund the Academy recoupment process, releasing council funds. Actual spend to date is currently under budget due to the holding of budget for pressures within the PRU.
28. Children's Services Commissioning/Youth Service  
Full year forecast is £62K under budget. This is mainly due to salary savings as a result of vacancies.
29. School Support Service  
Full year forecast is £222K under budget (£21K overspend quarter one). This saving has arisen due to contributions from DSG, with School Forum agreement to contribute to Out of County placements, releasing council funds. Pressures may emerge from the re-commissioning of the PRU. 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 Recoupment 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.
30. 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.
31. Partnerships and Workforce Development  
Full year forecast position reflects a £245K under spend (£164K under spend quarter one). This is held to provide for further pressures in Child Protection and Children in Care (see paragraph 19).  
The under spend is attributable to the restructure of the service that will contribute to the 12/13 efficiencies.
32. School Improvement  
Full year forecast is £100k under spend. This has been made possible by the realignment of the School Improvement Partner work.
33. Standards Fund  
The Standards Fund budgets managed by School Improvement were fully spent by the 31<sup>st</sup> August 2011 in line with grant conditions.

#### 34. School Organisation & Capital Planning

The full year forecast reflects an under spend of £16K, a reduction from the quarter one under spend of £88K. The expected increase to PFI contributions from Schools, reducing the affordability gap for the council has not arisen causing an £84K pressure. This has been offset by savings arising from the ending of the ITEC Services contract reflected in the base budget review.

The PFI pressure has arisen due to the corporate removal of the 'Sinking Fund' in previous financial years.

### Transport

35. The full year forecast is £377K overspend, a reduction of £28K from quarter one, which has arisen from salary savings. This is an area of high risk with a cross cutting efficiency target of £1,054K. Further review is currently taking place to establish the validity of the projected overspend.

### Schools

36. 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.
37. There are six agreed licensed deficits (named Schools confidential) in 2011/12 with a value of £296K and a further three currently being considered for approval. Schools have been assessed against a risk matrix highlighting one school currently rated red and of concern.
38. Academy conversions continue with recoupment of DSG currently forecast at £669K. It is anticipated that 48% of pupils will be attending Academies by the end of the financial year. The Consultation on future funding ends on the 11<sup>th</sup> October. The impact of Special school converting to Academy status is not yet known.

### Virements

39. There has been two temporary cross directorate virements in quarter two. £270K has been vired to ACE People & Org/Resources to support pressures resulting from decreased schools' buy back activity and an annual temporary virement of £125K to HR Training.

### Efficiencies (Appendix B)

40. The efficiency target for 2011/12 is £4.971M (including Cross Cutting efficiencies – Transport £1.054M and Procurement £0.037M). As of quarter two, the forecast is on track to deliver £4.571M of the £4.971M 2011/12 efficiency target, leaving a current anticipated shortfall of £400K relating to the Passenger Transport Review.

### Reserves Position (Appendix C)



41. There is a proposed use of corporate reserves of £200K due to redundancy costs in 2011/12.

### **Debt Management (Appendix E1 and E2)**

42. The debt over £10K (Appendix E1) totals £2.056M (£2,251M quarter one), £1.894M of which relates to Bedford Borough. One item for inter authority recoupment for £1.152M relates to services delivered in 2010/11. This has been followed up by the service and is expected to be cleared during the next month.

An additional report is now provided as Appendix E2 detailing the top ten invoices for the directorate.

### **Appendices:**

Appendix A1 n/a

Appendix A2 Directorate Position analysed by AD

Appendix A3 Movement since last quarter

Appendix A4 Council Summary – Subjective Analysis

Appendix B Efficiencies

Appendix C Earmarked Reserves

Appendix E1 Debt over £10K