

Final

Meeting: Children's Services Overview and Scrutiny Committee
Date: 17 April 2012
Subject: Budget Management Report Quarter ended 31st December 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 31st December 2011

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

CORPORATE IMPLICATIONS

Council Priorities:

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:
 - Supporting and caring for an ageing population
 - Educating, protecting and providing opportunities for children and young people
 - Managing growth effectively
 - Creating safer communities
 - Promoting healthier lifestyles.

Financial:

2. The financial implications are set out in the report.

Legal:

3. Not applicable

Risk Management:

4. Not applicable

Staffing (including Trades Unions):

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.

Equalities/Human Rights:

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 £68.9M and income budget, including transport, is £33.4M which leaves a net expenditure budget of £35.5M. The full year projected outturn position for quarter three 2011/12 is £1.362M under spend. Quarter two reported an underspend of £0.167M, a favourable movement of £1.2M. It should be noted that one off contributions of £975K from the Dedicated Schools Grant, with School Forums agreement, has contributed to Children's Services budgets. This contribution has only been possible in 2011/12 due to unspent centrally held DSG set aside for School Redundancies and the Local Authority Central Spend Equivalent Grant (LACSEG), that in future years will be paid directly to Schools. The under spend had this contribution not been available would have been £387K.
11. The cumulative budget for December is £26.174M compared to actual spend of £23.229M, below budget by £2.945M. The spend to date variance relates to the profile of education spend through the year, to transport and to the year end forecast under spend.
12. Within Children's Services Operations, the overall forecast variance is an over spend of £575K (£382K quarter two). This pressure is mainly due to additional expensive specialist children placements, increase in leaving care accommodation and the cost of agency workers covering qualified posts. The development of qualified social workers to fill vacancies is an ongoing key activity. This is due to increasing child protection cases, validated against recent national publications of comparable data that social care staffing establishment will need to be further resourced. This has been noted in risk assessments in previous months.
13. Within Learning, Commissioning and Partnerships (LC & P), the overall forecast variance is an under spend of £1.938M (£549K Quarter two). The improvement and variance to Quarter 2 (£1.389M) is mainly due to School Forum's agreement to contribute Dedicated Schools Grant (DSG) to Special Educational Needs (SEN) Transport and a review of transport forecasts in line with schedules provided by Sustainable Communities. In addition posts are being held to allow for early implementation of efficiencies planned for 2012/13.

14. As in previous months there has been an increase in needs led budgets within Child Protection and Looked After Children.

Resources continue to be deployed to address the additional impact of recent OFSTED inspection recommendations about child protection, which increases the need for qualified social workers not only for front line work but to also enhance regulatory quality assurance and to secure a safe level of supervision at team manager level (see section 10).

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).

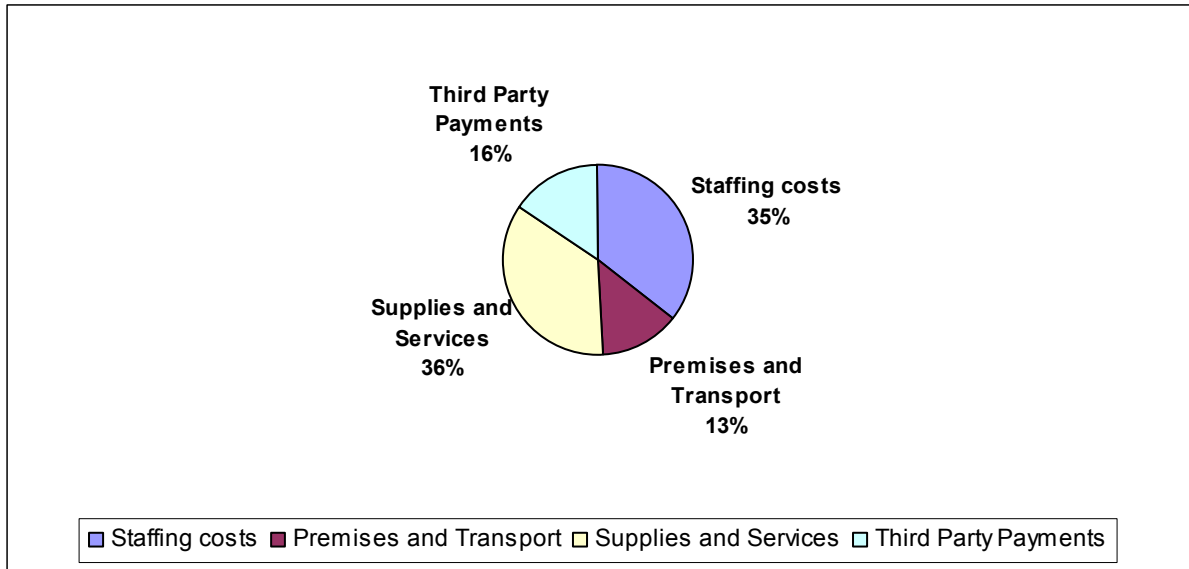
Summary Table A: Directorate Overall position

	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	300	300	0	0
AD - CSO	20,422	21,010	588	575
AD – LCP	8,037	6,842	(1,194)	(1,538)
Transport	7,935	7,535	(400)	(400)
Partnerships	609	660	52	0
Total (Non Schools)	37,302	36,348	(955)	(1,362)
Schools/ DSG	(1,817)	(1,817)	0	0
Total Director of Children's Services	35,485	34,531	(955)	(1,362)

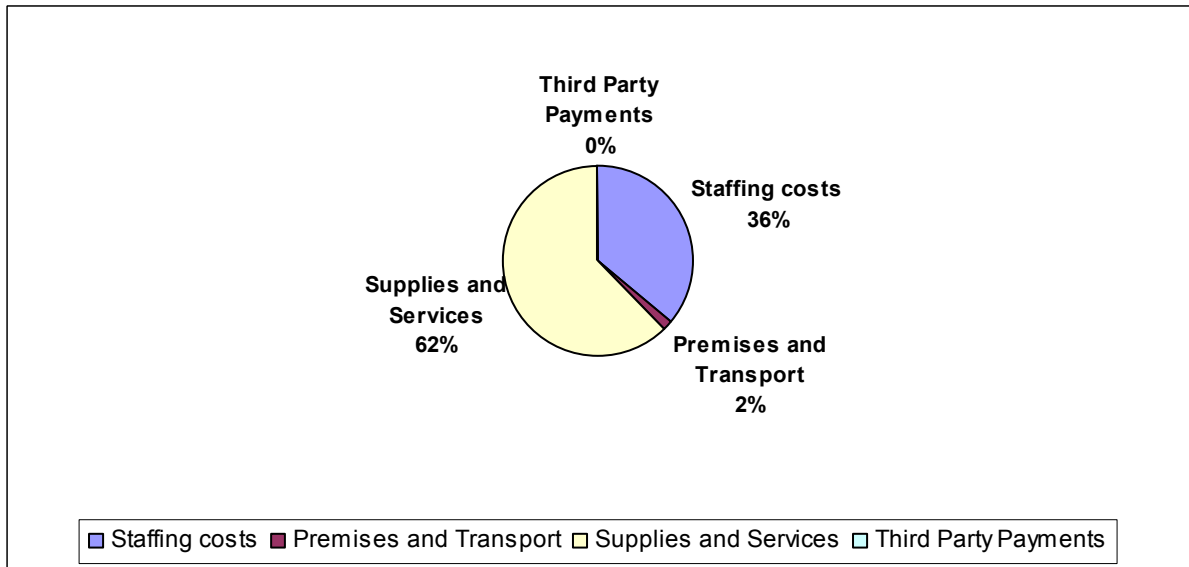
Table B – Subjective Analysis (Based on Forecast Outturn)

Expenditure type (Excluding Schools)	Forecast Outturn excluding Partnerships (Before Reserves) £000	Forecast Outturn Partnerships (Before Reserves) £000
Staffing Costs	24,351	239
Premises and Transport	9,132	11
Supplies and Services	24,278	410
Third Party Payments	10,614	0
Total Expenditure	68,375	660
Income	9,881	0
Grants*	24,623	0
Total Income	34,504	0
Net Expenditure	33,871	660

Subjective Analysis excluding Partnerships



Subjective Analysis - Partnerships Only



Subjective Analysis – Total Income

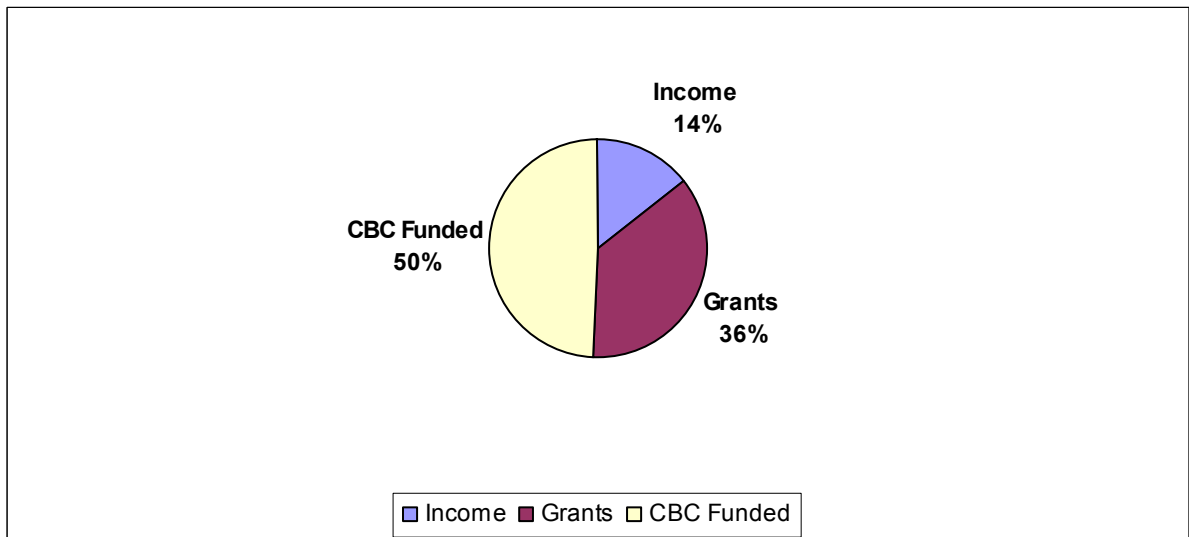


Table C – Grant Analysis

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

Grant	£000's	Ring fenced / Non ring fenced
Dedicated Schools Grant (DSG)*	11,496	Ring fenced
Early Intervention Grant	8,933	Non Ring fenced
PFI Grant	1,886	Ring fenced
Asylum Seekers Grant	756	Ring fenced
Music Grant	394	Ring fenced
YPLA Grant	430	Ring fenced
Succession Planning Grant	239	Ring fenced
Pupil Premium (LAC)	34	Ring fenced
Workforce Development Income	165	Income
School ICT Buy Back	118	Income
Children Social Services Income	18	Income
Misc	154	Income
Total Grants*	24,623	

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 (£11.50M) can be further analysed as below:

	£000's
Special Education Provision	4,456
Special Education Needs Transport	400
DSG Contribution to Central Overheads	1,817*
School Contingency	404
Pupil Referral Unit	1,729
School Individual Budgets	308
14 – 19 Practical Learning	581
Access to Education	562
Academies Statements / Early Years	458
Other School Budgets	328
Advanced Skills Teachers	256
Teachers Unions and Professional Associations	97
Other Expenditure	101
Total	11,496

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

	£000's
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
Total	12,921

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 Operations

AD Children's Services is £61K under spent due to savings in salary costs and discretionary spend. Children and adolescent mental health budget is now included under the AD reporting.

20. Child Protection & Children In Care

Full year forecast is £1,014K over budget, an increase from £592K in quarter two. Although there has been an increase due to additional specialist children placements and the level of agency workers required currently to cover qualified social worker posts, this has been offset by savings from the closure of a children's home. The development of qualified social workers continues to be supported. 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 retendering of High Level Family Support commissions has also offset pressures. The vulnerability and volatility of these needs-led budgets is well managed, with budget risks being addressed as soon as they occur. It is recognised that potential demand on external contracts including residential provision and supervised contact may generate a pressure in this area.

21. Children with Disabilities Service
Full year forecast is £411K under budget (£70K under budget in quarter two), this is due to Short Break expenditure being charged against the Early Intervention Grant to release core budget and additional CWD respite recharge income. 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.
22. Quality Assurance CRS Service
Full year forecast is currently £3K over budget, a marginal change from quarter two. However the increased numbers of Looked after children and children subject to child protection plans will require increased review manager capacity (£150K) to ensure the service remains statutorily compliant and will be managed within existing budget provision.
23. Fostering & Adoption Service
Full year forecast is £144K over spend (£18K over spend quarter two). Pressure in the Independent Fostering Agency (IFA) budget of £290K 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 that cannot be used for placements of a child in an emergency or outside their approvals, which amounts to £88K.
These pressures have been partially offset by savings made in other demand led budgets within Fostering and Adoption and in particular Youth Carer Fees.
24. Local Safeguarding Children's Board
Full year forecast is currently on budget (no change to quarter two).
25. Early Intervention and Prevention
Full year forecast is £115K under budget (a marginal change from quarter two). This will align to the base budget build saving for the parenting service.

Learning, Commissioning and Partnerships

26. AD Learning, Commissioning and Partnerships
Full year forecast is £284k under budget (a marginal change from quarter two). This saving has arisen mainly 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 in line with the forecast under spend.
27. Children's Services Commissioning/Youth Service
Full year forecast is £77K under budget (£62K in quarter two). This is mainly due to salary savings as a result of vacancies held against anticipated pressures and budget reductions in 2012/13.
28. School Support Service
Full year forecast is £324K under budget (£222K under budget in quarter two). 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 in 2011/12 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.

29. Other School Budgets

The full year forecast is currently on budget following a use of reserves of £73K. There is no pressure to arise from this area as these budgets are fully funded by the DSG in agreement with School Forum.

30. Partnerships and Workforce Development

Full year forecast position reflects a £532K under spend (£245K under spend quarter two). The under spend is due to the savings associated with one off discretionary spend from 2010/11 (£245K) held to provide for further pressures in Child Protection and Children in Care (see paragraph 20) and savings attributable to the restructure of the service that will contribute to the 12/13 efficiencies. A required increase in social care establishment will be funded in year from savings within this area.

31. School Improvement

Full year forecast is £171K under spend. (£100K under spend quarter two). This has been made possible due to held vacancies. It may be possible to implement the savings planned for this team in 2013/2014 in the next financial year.

The variance of spend to date relates to the profile of education spend through the year which is not linear and the year end forecast under spend.

32. Standards Fund

The Standards Fund budgets managed by School Improvement were fully spent by the 31st August 2011 in line with grant conditions.

33. School Organisation & Capital Planning

The full year forecast reflects an under spend of £76K, an increase from the quarter two under spend of £16K. The expected increase to PFI contributions from Schools, reducing the affordability gap for the council has not arisen causing a £46K pressure. This pressure has arisen due to the corporate removal of the 'Sinking Fund' in previous financial years. This has been offset by savings arising from the ending of the ITEC Services contract reflected in the base budget review (£100K) and savings within Management Support (£21K).

Transport

34. The full year forecast is £400K under spend, a change from quarter two where a forecast of £377K overspend was reported. The variance is due in part (£109K) to the implementation of the Post 16 Transport Policy and the contribution of DSG, with School Forum agreement, to SEN Transport (£400K). This is an area of high risk with a cross cutting efficiency target of £1,054K. Now that transport costs have been reviewed in line with schedules provided by Sustainable Communities a further saving has now been reported.

Partnerships

35. The full year forecast is on budget following a use of reserves of £52K.

Schools

36. The budget allocation of DSG for 2011/12 is the full time equivalent (FTE) number of pupils as at Jan 11 of 37,044 multiplied by the Guaranteed Unit of Funding (GUF) £4,658 to give £172.555M. This amount is adjusted for Academies and has been revised to £146.183M. The allocation is continually revised as Schools convert to academy status during the financial year. The table below represents the distribution of the DSG based on current number of academies as at end of December 2011.

DSG	Academies 2008/12	Revised DSG	Individual Schools Budgets	Central Services
£'000	£'000	£'000	£'000	£'000
172,555	26,372	146,183	134,687	11,496

37. The Revenue carry forward for Schools to 2011/12 is £10.5M a rise of £2.7M from the previous financial year. Schools converting to Academy status will reduce this revenue carry forward to £8.6M. 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.
38. There are six agreed licensed deficits in 2011/12 with a value of £350K and a further four under review. Schools have been assessed against a risk matrix highlighting one school currently rated red and of concern.
39. Academy conversions continue with recoupment of DSG currently forecast at £536K. It is anticipated that 53.5% of pupils will be attending Academies by the end of the financial year, 22% currently.

Virements

40. There have been five cross directorate virements in quarter three. The 2% Terms and Conditions reduction of £244K, the transfer into Children's Services of the Partnerships budget of £609K, a temporary virement of £30K to School Organisation and Capital Planning to fund removal costs in Children's Services, a temporary virement to transfer the budget of £17K to fund the Transition Co-ordinator within Adult Services and a temporary virement to transfer the budget of £51K from School Organisation and Capital Planning for an Energy Officer and condition surveys.

Efficiencies (Appendix B)

41. The efficiency target for 2011/12 is £4.971M (including Cross Cutting efficiencies – Transport £1.054M and Procurement £0.037M). As of quarter three, the forecast is on track to deliver the full £4.971M 2011/12 efficiency target. The previously forecast shortfall of £400K relating to the Passenger Transport Review has been met by a compensatory contribution from DSG.

Reserves Position (Appendix C)

42. There is a total proposed use of reserves of £408K, corporate reserves due to redundancy costs account for £283K. Partnerships use of reserves total £52K, Schools Forum £3K and School Specific Contingency £70K.

Debt Management (Appendix E1 and E2)

43. The debt over £10K (Appendix E1) totals £0.693M (£2.056M quarter two), £0.297M of which relates to Bedford Borough.

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

Appendices:

Appendix A1 Council Revenue Summary Position

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

Appendix E2 Top Ten Invoices