
Meeting: Children's Services Overview and Scrutiny Committee
Date: 4th September 2012
Subject: Budget Management Report Quarter ended 30th June 2012
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 June 2012

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 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:

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

Legal:

3. There are no direct legal implications arising from the report.

Risk Management:

4. Sound financial management and budget monitoring mitigates adverse financial risk.

Staffing (including Trades Unions):

5. Not applicable.

Equalities/Human Rights:

6. Public Authorities must ensure that decisions are made in a way which minimises unfairness and without a disproportionately negative effect on people from different ethnic groups, disabled people, women and men. It is important that Councillors are aware of this duty before they take a decision.
7. Equality Impact Assessments were undertaken prior to the allocation of the 2011/2012 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Community Safety:

8. Not applicable.

Sustainability:

9. Not applicable.

Procurement:

10. Not applicable.

RECOMMENDATION(S):

The Committee is asked to:-

11. Note and consider this report.

Introduction and Key Highlights (Appendices A2)

12. The full year projected outturn position for 2012/13 is £0.822M overspend. This assumes full spend against allocated grants.
13. The budget to date is £5.08M compared to actual spend to date of £5.329M, above budget after allowing for Use of Reserves by £0.247M. There are some detailed profiled budgets within SAP and work continued with budget managers during July to further update profiles. The main spend to date variances relate to Child Protection and Children in Care £0.133M and Fostering and Adoption £0.150M
14. The two areas contributing to the current forecast overspend are Child Protection and Children in Care (£452k), and the Fostering and Adoption Service (£379k). This pressure is due to additional expensive specialist children placements, increases in Looked After Children and the cost of agency workers covering qualified posts. The development and recruitment of qualified social workers to fill vacancies is an ongoing activity. A recruitment campaign has been launched and early responses are positive. First interviews will take place in August.
15. Between April 2011 and March 2012 the number of Looked After Children increased by 32. In the first quarter of 2012/13 the number has increased by a further 27 bringing the number of Looked After Children from 176 as at March 2011 to 235 as at June 2012. This number is expected to rise since the rise in the number of children with a child protection in all probability will result in a small proportion of those children becoming Looked After. In order to minimise the impact of these, all high cost placements are agreed by the Interim Assistant Director.

16. Not currently forecast are a number of possible risks that could see the budget variance rise over the forthcoming months:
- needs led budgets within Child Protection and Fostering and Adoption following a significant increase in referrals and placements and the additional impact of recent OFSTED inspection recommendations on safeguarding which increase the need for qualified social workers and support staff.
 - Service Level Agreement with Bedford Borough for Fostering and Adoption ceasing in February 2013 resulting in a reduction to income and an increase in costs.

Summary Table A: Directorate Overall position

	Approved Budget	Forecast Outturn	Forecast Variance	Variance after Use of Reserves
	£000	£000	£000	£000
Director CS	347	347	0	0
AD - CSO	20,680	21,811	1,131	831
AD – L & SC	5,384	5,375	(9)	(9)
Transport	7,437	7,437	0	0
Partnerships	606	606	0	0
Sub Total	34,454	35,577	1,122	822
DSG Contribution to Central Support	(1,817)	(1,817)	0	0
Total Children Services	32,637	33,760	1,122	822
Schools Individual Budgets	103,171	103,171	0	0
Supported by DSG/EFA	(102,621)	(102,621)	0	0
Total Schools	550	550	0	0
Total Children's Services	33,187	34,309	1,122	822

Table B – Subjective Analysis excluding Schools (Based on Forecast Outturn)

Expenditure type (Excluding Schools)	Forecast Outturn excluding Partnerships (Before Reserves) £000
Staffing Costs	21,903
Premises and Transport	8,257
Supplies and Services	24,940
Third Party Payments	9,712
Total Expenditure	64,813
Income	7,272

Grants (See Table C)	24,082
Total Income	31,355
Net Expenditure	33,459

Table C – Grant Analysis

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

Grant	£000's	Ring fenced / Non ring fenced
Dedicated Schools Grant (DSG)	12,673	Ring fenced
Early Intervention Grant	9,770	Non Ring fenced
YPLA Grant	430	Ring fenced
Social Work Training	428	Ring fenced
Asylum Seekers Grant	403	Ring fenced
Music Grant	354	Ring fenced
Misc	24	Income
Total Grants*	24,082	

17. 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 (£12.673M) can be further analysed as below:

	£000's
Special Education Provision	5,204
Academies Statements / Early Years	2,223
DSG Contribution to Central Overheads*	1,817
Pupil Referral Unit	1,336
School Contingency / School Forum	1,270
Access to Education	379
14 – 19 Practical Learning	168
Teachers Unions and Professional Associations	97
Other Expenditure (AST, Attainment, Academy support)	179
Total	12,673

18. The Central Overheads* that are apportioned to Children's Services at year end are supported by £1.817M of Dedicated Schools Grant.

Director of Children's Services

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

Children's Services Operations

20. AD Children's Services Operations

AD Children's Services is expected to be on budget.

21. Child Protection & Children In Care

Full year forecast is £452k over budget. The over spend initially stood at £752k over budget before applying use of reserves of £300k. The reserve had been set aside from the 2011/12 financial year as the rise in Looked after Children was expected. The increase in numbers in Specialist Residential Placements and Secure Provision are the principle reasons for the overspend. This is further impacted by the use of Agency workers whilst the recruitment campaign is carried out for qualified Social Workers. The pressures are expected to increase with the significant number of child protection plans currently in place and the implementation of recent OFSTED recommendations.

22. Children with Disabilities Service

Full year forecast is currently on budget although there is a risk that the efficiency of £200k may be difficult to achieve. The variance of spend to date of £150k is due to unfilled posts and increased income. This has not yet been forecast as a saving until the budgets have been realigned and the efficiencies have been met.

23. Quality Assurance CRS Service

Full year forecast is currently on budget

24. Fostering & Adoption Service

Full year forecast for this service is £379k over spend. The pressure for the Medium Term Plan will be significantly higher as one off discretionary savings within the Children Services Directorate has reduced this in year (£300k). The overspend is in line with the increase in Looked After Children increasing spend in both In house and Independent Fostering (£235k), Special Guardianship Orders (£240k), Adoption Allowances (£92k) and Residential Orders (£60k). A further pressure for this service is the disaggregation of the SLA with Bedford Borough which will see a reduction to income and increased costs. The impact of the disaggregation is currently being evaluated.

25. Local Safeguarding Children's Board

The full year forecast is currently on budget.

26. Early Intervention and Prevention

Full year forecast is currently on budget.

Learning, Commissioning and Partnerships

27. AD Learning, Commissioning and Partnerships

Full year forecast is currently on budget.

28. Children's Services Commissioning/Youth Service
Full year forecast is currently on budget.
29. School Support Service (including School Improvement and Music Service)
Full year forecast is currently on budget. 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, profiled budgets are currently being reviewed to take account of this.
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 is currently on budget.
32. School Organisation & Capital Planning
The full year forecast is currently on budget.

Transport

33. The full year forecast is currently on budget. This is an area of high risk with efficiencies of £799K for 2012/13.

Partnerships

34. Full year forecast is currently on budget.

Schools

35. The Revenue carry forward for maintained schools to 2012/13 is £9.5M, a rise of £2.6M from the previous financial year. The rise in balances held is believed to be in part due to the increased funds directed through the ISB of £1.2M from School Contingency mid way through the 2011/12 and the pending outcome of the National Consultation with the uncertainties for School funding in future years.
36. The Capital reserves fell by £1.6M to £2.1M.
37. School budgets are currently being received and reviewed which will provide information on any schools causing concern.
38. Academy conversions continue with recoupment of DSG currently forecast at £465K relating to 30 converted schools as at June 2012. It is anticipated a further 22 schools will convert by the end of the financial year.

39. The final details of the school funding reform has been announced by the Department of Education, details of which are currently being reviewed with the School Forum for implementation in 2013/14.

Virements

40. There have been three cross directorate budget virements that have taken place during April to June 2012.
- £1,001K to Property & Assets for the transfer of PFI budget provision
 - £50K to SI Children's Workforce Development for a L&D Manager role from HR
 - £25k to Change Management for an Administrative role from ICT.

Efficiencies (Appendix B)

41. The efficiency target for 2012/13 is £2.861M. Although the efficiency target is forecast as achieved, there is uncertainty on the delivery of the cross cutting saving for phase1 of the passenger transport review of £340k and £200k relating to the processes efficiency gained in the new social care IT system.

Reserves Position (Appendix C)

42. There is a total proposed use of reserves of £300k set aside for the increased number of children in care.

Debt Management (Appendix E1 and E2)

43. Total debt for Children's Services is £1.43M, £491k over 61 days.

The debt over £10K (Appendix E1) totals £892k, £202k 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 A2 Directorate Position analysed by AD

Appendix B Efficiencies

Appendix C Earmarked Reserves

Appendix E1 Debt over £10K

Appendix E2 Top Ten Invoices