

Meeting: Children's Services Overview and Scrutiny Committee
Date: 11 December 2012
Subject: Budget Management Report Quarter 2 ended 30 September 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 30 September 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 the priorities set out in the Medium Term Plan.

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:**The Committee is asked to:-**

- **Note and consider this report.**

Introduction and Key Highlights (Appendices A2)

11. The full year projected outturn position for 2012/13 is £1.602M overspend (£0.822M overspend quarter 1). This assumes full spend against allocated grants.
12. The budget to date is £13.347M compared to actual spend to date of £13.696M, over budget by £0.349M. The main spend to date variances relate to Children with Disabilities £0.226M, School Support £0.347M and Transport £0.786M. This is a contribution of periodic spend and the trend of spend associated with Education budgets.
13. The two areas contributing to the current forecast overspend are Child Protection and Children in Care £1.253M (£452k quarter one), and the Fostering and Adoption Service £595k (£379k quarter one). 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.
14. Between April 2011 and March 2012, the number of Looked After Children increased by 32 to 208. The number of children currently in care, at 227, is below the comparable average of statistical neighbours, where the average is approximately 255 children.

The number of children with a child protection plan (CPP) is now 250. Central Bedfordshire is now above the national figure and statistical neighbours for this category.

Work to determine whether thresholds for child protection plans are sound, and whether the plans formulated properly address concerns for children, continues to be undertaken through auditing.

Table A: Directorate Overall position

	Approved Budget	Forecast Outturn	Forecast Variance	Variance after Use of Reserves
	£'000	£'000	£'000	£'000
Director CS	300	300	0	0
AD - CSO	20,725	23,831	3,106	1,838
AD – L & SC	5,311	5,300	(11)	(237)
Transport	7,437	7,438	1	1
Partnerships	606	661	55	0
Sub Total	34,379	37,530	3,151	1,602
DSG Contribution to Central Support	(1,817)	(1,817)	0	0
Total Children Services	32,562	35,713	3,151	1,602
Schools Individual Budgets	97,576	97,576	309	0
Supported by DSG/EFA	(97,026)	(96,718)	0	0
Total Schools	550	859	309	0
Total Children's Services	33,112	36,572	3,460	1,602

Table B – Subjective Analysis (Based on Forecast Outturn)

Expenditure type (Excluding Schools)	Forecast Outturn (Before use of Reserves) £'000
Staffing Costs	22,251
Premises and Transport	8,971
Supplies and Services	25,351
Third Party Payments	8,766
Other	2,156
Total Expenditure	67,495
Income	7,312
Grants (See Table C)	24,470
Total Income	31,782
Net Expenditure	35,713

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)	12,641	Ring fenced
Early Intervention Grant	9,770	Non Ring fenced
YPLA Grant	430	Ring fenced
Social Work Training	428	Ring fenced
Asylum Seekers Grant	479	Ring fenced
Music Grant	354	Ring fenced
LSCB	155	Ring fenced
Misc	213	Income
Total Grants*	24,470	

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 (£12.641M) can be further analysed as below:

	£000's
Special Education Provision	5,137
Academies Statements / Early Years	2,250
DSG Contribution to Central Overheads*	1,817
Pupil Referral Unit	1,336
School Contingency / School Forum	1,310
Access to Education	367
14 – 19 Practical Learning	168
Teachers Unions and Professional Associations	97
Other Expenditure (AST, Attainment, Academy support)	159
Total	12,641

16. 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

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

Children's Services Operations

18. Children's Services Operations

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

19. Child Protection & Children In Care

Full year forecast is £1.25M over budget (£452k quarter one). The pressure in this area for 2012/13 is £2M and has been managed in year by the use of reserves 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 main reasons for the overspend. This is further impacted upon by the use of Agency workers whilst the ongoing recruitment campaign is carried out for qualified Social Workers. An additional activity of speaking on a one to one basis to agency workers to seek to recruit them to the Council is ongoing as is work on identifying additional factors to attract workers to the Council. The pressures are expected to increase with the significant number of child protection plans currently in place and the implementation of recent OFSTED recommendations.

20. Children with Disabilities Service

Full year forecast is expected to be on budget although the unmet efficiency saving of £200k identified from the implementation of the new social care system has been met in part (£110k) by compensatory savings. Savings following the disability review will in future be reapplied to activity in support of parents and children in accordance with Executive recommendations. The variance of spend to date of £226k is due to unfilled posts and increased income.

21. Quality Assurance CRS Service

Full year forecast is currently on budget

22. Fostering & Adoption Service

Full year forecast for this service is £595k over spend (£379k quarter one). The pressure for the Medium Term Plan will be significantly higher as one off discretionary savings and use of reserves within the Children Services Directorate has reduced this in year. The overspend is in line with the increase in Looked After Children with overspends in Independent Fostering (£430k), Special Guardianship Orders (£253k), Adoption Allowances (£90k) and Residence Orders (£84k). A presentation of the ongoing and accelerated work to seek to recruit foster cares was considered by the Corporate Parenting Panel on 5 November 2012.

23. Local Safeguarding Children's Board

The full year forecast is currently on budget.

24. Early Intervention and Prevention

Full year forecast is currently on budget.

Learning, Commissioning and Partnerships

25. AD Learning, Commissioning and Partnerships

Full year forecast is currently on budget.

26. Children's Services Commissioning/Youth Service

Full year forecast is £94k under spend. This is due to the delay in the work on 'raising the participation age'. The variance of spend to date of £133k is in line with the forecast underspend and also is due to vacant posts in the first part of the financial year

27. 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 yet fully resolved. The variance of spend to date of £347k relates to the profile of education spend through the year.

28. 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 Dedicated Schools Grant in agreement with School Forum.

29. Partnerships and Workforce Development

Full year forecast is an underspend of £71k due to salary savings in year.

30. School Organisation & Capital Planning

The full year forecast is an underspend of £73k due to a payment to Bedford Borough for the Contact Centre now being agreed below forecast.

Transport

31. The full year forecast is currently on budget. The variance of spend to date, below budget by £786k, is mainly due to the pending contract retendering process at the beginning of the new school term. This will provide further information on the year end out-turn position. This is an area of high risk with efficiencies of £799K for 2012/13.

Partnerships

32. Full year forecast is currently on budget.

Schools

33. 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.
34. The Capital reserves fell by £1.6M to £2.1M.
35. Academy conversions continue with recoupment of DSG currently forecast at £591K relating to 36 converted schools as at September 2012. It is anticipated a further 22 schools will convert by the end of the financial year.

36. Central Bedfordshire's School Funding Consultation commenced on the 4th September 2012 and closed on 28th September 2012. Schools were encouraged to respond and will inform the final proposals for funding Schools in 2013/14.

Virements

37. There have been three cross directorate budget virements that have taken place during quarter two.
- £60K has been vired to Property and Assets, £51K for an Energy Officer and £9K for the transfer of responsibility of Schools Notifiable Projects.
 - £16K to Adults services for the shared Transition Co-ordinator post.

Efficiencies (Appendix B)

38. 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, In addition the £200k efficiency relating to the ICS case management system has been met by compensatory savings.

Reserves Position (Appendix C)

39. There is a total proposed use of reserves of £1.602M.

Children Services Operations reserves amount to £1.239M, £1.06M has been set aside for the increased number of children in care and OFSTED recommendations and £179k for Early Years contracts.

DSG reserves of £403k have been set against a contribution to the School Individual budgets, Advances Skills Teacher payments and work relating to Academy transfers.

Partnerships have a proposed use of reserves of £55K and Corporate reserves of £161k have been used to fund redundancy / pension costs.

Debt Management (Appendix E1 and E2)

40. Total debt for Children's Services is £395k (£1.43M quarter 1), £171k is debt over 61 days.

The debt over £10K (Appendix E1) totals £260k (£892k quarter 1), £171k 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 A3 Movement since Quarter one

Appendix B Efficiencies

Appendix C Earmarked Reserves

Appendix E1 Debt over £10K

Appendix E2 Top Ten Invoices