

Meeting: Children's Services Overview and Scrutiny Committee
Date: 23 April 2013
Subject: Budget Management Report Quarter 3 ended 30 December 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 31 December 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 the content of this report.**

Introduction and Key Highlights (Appendices A2)

11. The full year projected outturn position for 2012/13 is £1.112 M overspend (£1.602M overspend quarter two). The reduction from quarter two (£489k) is mainly due to further savings in the Learning Directorate offsetting the increase in Child Protection and Fostering costs. All areas of the Directorate have sought to reduce discretionary spend and hold vacancies where possible, to offset the expected increase in Child Protection costs.
12. The budget to date is £23.261M compared to actual spend to date of £24.533M, over budget by £1.272M. The spend to date variance is in line with the expected deficit outturn.
13. The main areas contributing to the current forecast overspend are; Children in Care and Care Leavers, £1.086M, Intake and Family Support £703k, an increase from quarter two of £536k, at which time this was a combined service. The Fostering and Adoption Service is £661k overspent (£595k quarter 2). The SEN Transport budget also contributes to this pressure with a forecast overspend of £236k.
14. The pressures in Child Protection are 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

15. 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 237, is below that of statistical neighbours, where the average is approximately 255 children. The number of children with a child protection plan (CPP) is now 248. Central Bedfordshire is now above the national figure and statistical neighbours. Numbers of children in the care system are however likely to rise with continuing pressures on budgets.

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 further independent auditing. The price of intervention per child is being monitored particularly regarding high cost placements

16. **Table A: Directorate Overall position**

	Approved Budget	Forecast Outturn	Forecast Variance	Variance after Use of Reserves
	£'000	£'000	£'000	£'000
Director CS	300	262	(37)	(37)
AD - CSO	20,714	24,246	3,532	2,222
AD – L & SC	5,305	4,504	(801)	(1,131)
Transport	7,437	7,720	283	283
Partnerships	606	660	54	0
Sub Total	34,362	37,392	3,031	1,337
DSG Contribution to Central Support	(1,817)	(1,817)	0	0
Total Children Services	32,545	35,575	3,031	1,337
Schools Individual Budgets	98,481	98,481	0	0
Supported by DSG/EFA	(97,931)	(97,289)	642	(225)
Total Schools	550	1,192	642	(225)
Total Children's Services	33,094	36,768	3,674	1,112

17. **Table B – Subjective Analysis (Based on Forecast Outturn)**

Expenditure type (Excluding Schools)	Forecast Outturn (Before use of Reserves) £'000
Staffing Costs	22,344
Premises and Transport	1,769
Supplies and Services	23,409
Third Party Payments	16,794

Other	2,714
Total Expenditure	67,030
Income	7,538
Grants (See Table C)	23,916
Total Income	31,454
Net Expenditure	35,576

18. 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)	11,802	Ring fenced
Early Intervention Grant	9,770	Non Ring fenced
YPLA Grant	430	Ring fenced
Social Work Training	417	Ring fenced
Asylum Seekers Grant	475	Ring fenced
Music Grant	354	Ring fenced
Troubled Families	341	Ring fenced
LSCB	161	Ring fenced
Transport	91	Ring fenced
Misc	75	Income
Total Grants*	23,916	

19. 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 (£11.802M) can be further analysed as below:

	£000's
Special Education Provision	4,490
Academies Statements / Early Years	2,403
DSG Contribution to Central Overheads*	1,817
Pupil Referral Unit	1,354
School Contingency / School Forum	954
Access to Education	367
14 – 19 Practical Learning	168
Teachers Unions and Professional Associations	97
Other Expenditure (AST, Attainment, Academy support)	152
Total	11,802

20. 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

21. Full year forecast for the Director is £37k under spend due to savings in discretionary spend.

Children's Services Operations

22. AD Children's Services Operations

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

23. Children In Care & Care Leavers

Full year forecast is £1.086M over budget. The pressure in this area for 2012/13, had it not been managed in year by the use of reserves set aside from the 2011/12 financial year, is £1.840M.

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. The pressures are expected to increase with the significant number of child protection plans currently in place and the implementation of recent OFSTED recommendations.

There has also been a reduction in the expected income for Asylum seekers of £53k due to an absconder.

24. Intake & Family Support (previously part of Child Protection & Children in Care)

Full year forecast is £703k over budget. The pressure in this area is due to the rise in Looked After Children and again further impacted by the use of Agency workers whilst the recruitment campaign is carried out for qualified Social Workers. There has also been a further placement in the mother and baby unit.

25. Children with Disabilities Service

Full year forecast is currently £214k under budget mainly due to vacant posts and delayed recruitment. The efficiency saving of £200k for 2012/13, 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 be reapplied to activity in support of parents and children in accordance with Executive recommendations.

26. Quality Assurance Service

Full year forecast is currently £21k under budget due to savings in discretionary spend.

27. Fostering & Adoption Service

Full year forecast for this service is £661k over spend (£595k quarter two). The increased variance from quarter two is due to increased placements and Special Guardianship orders. 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 (£175k). The overspend is in line with the increase in Looked After Children with pressure on Independent Fostering (£556k), Special Guardianship Orders (£266k), Adoption Allowances (£91k) and Residence Orders (£84k). A presentation of the ongoing and accelerated work to seek and recruit foster carers was considered by the Corporate Parenting Panel on 5 November 2012.

28. Local Safeguarding Children's Board

The full year forecast is currently on budget.

29. Early Intervention and Prevention

Full year forecast is currently on budget.

Learning, Commissioning and Partnerships

30. AD Learning, Commissioning and Partnerships

Full year forecast is currently £15k under budget, this is due to savings in discretionary spend.

31. Children's Services Commissioning/Youth Service

Full year forecast is £174k under spend (£94k quarter two). This is due to the delay in the work on 'raising the participation age' and recruiting to vacant posts. The variance of spend to date of £177k is in line with the forecast underspend.

32. School Support Service (including School Improvement and Music Service)

Full year forecast is currently £ 595k under budget (on budget quarter two). The underspend relates to an in-depth review of all cost centres and the application of the Dedicated School Grant (DSG). SEN Recoupment remains a concern as disputes on charging levels with Bedford are not resolved. The variance of spend to date of £563k is in line with the forecast underspend.

33. Other School Budgets

The full year forecast is 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.

34. Partnerships and Workforce Development

Full year forecast is an underspend of £211k (71k quarter two) due to salary, discretionary savings in year and income generation.

35. School Organisation & Capital Planning

The full year forecast is an underspend of £136k (73k quarter two). The underspend has arisen due to a payment to Bedford Borough Council for the Contact Centre now being agreed below forecast and delayed recruitment.

Transport

36. Special Educational Need Transport

The full year forecast is an overspend of £236k. The pressure has arisen from the recommissioning of contracts not delivering the expected savings and an increase in demand.

37. Children with Disability Transport

Full year forecast is an overspend of £26k due to increased demand.

38. Looked After Children Transport

The full year forecast is on budget, however future commitments foresee an overspend of £119k therefore a further review is required.

39. Mainstream Transport

Full year forecast is £21k overspend. Further work is being carried out across all of the Transport budgets to identify the key components contributing to the overspends. These are:

- the recommissioning of contracts not delivering the expected efficiencies,
- increase in demand and
- a reduction in income.

Transport is an area of high risk with efficiencies of £799k for 12/13

Partnerships

40. Full year forecast is currently on budget.

Schools

41. 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.

42. The Capital reserves fell by £1.6M to £2.1M.

43. Academy conversions continue with recoupment of DSG currently forecast at £558K relating to 37 converted schools as at December 2012. It is anticipated a further 24 schools will convert by the end of the financial year.

44. The underspend for Schools in December of £225k is due to the reduction in estimated Academy conversion LACSEG (Local Authority Central Spend Equivalent Grant) payments. This is due to those schools that have not converted on the expected transfer date and in some cases delayed until the next financial year.

Virements

45. There have been 3 cross directorate budget virements that have taken place during quarter three.
- £500 from Partnerships & Workforce Development to the Adult Services Emergency Duty Team for Learning Resources.
 - £2,600 from Children with Disabilities to the ICT Team for the on-going annual maintenance of the WAN Link at Ivel Valley School.
 - £14,734 to HR to fund a Graduate Trainee working in the Fostering team

Efficiencies (Appendix B)

46. 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)

47. There is a total proposed use of reserves of £2.562M detailed in the table below.

Directorate	Use of Reserves	£000's
Children's Services Operations	Children in Care and OFSTED recommendations	1,102
	Early Years Contract payments	179
Schools (DSG)	Individual Schools Budgets	751
	Advanced Skills Teachers	124
	Academy Transfers	7
	PVI – headcount adjustments	130
	Transfer to teaching School	45
Partnerships	Performance Reward Grant	55
Corporate	Redundancy Reserve	169
Total		£2,562

Debt Management (Appendix E1 and E2)

48. Total debt for Children's Services is £596k (£395k quarter two), £130k is debt over 61 days.

The debt over £10K (Appendix E1) totals £407 (£260k quarter two), £157k 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