

Meeting: Children's Services Overview and Scrutiny Committee
Date: 23 July 2013
Subject: 2012/13 Provisional Outturn Revenue Budget Monitoring
Report of: Cllr Mark A G Versallion, Executive Member for Children's Services
Summary: The report sets out the provisional outturn position for the year end 2012/13.

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:-**

- **Consider this report.**

Introduction and Key Highlights (Appendices A2)

11. Children's Services net expenditure budget for 2012/13 is £32.914M. The provisional outturn position (before proposed new reserves) for 2012/13 is £119k overspend. Quarter three reported an overspend of £1.112M, a reduction to overspend of £ 993k. This reduction is mainly due to further savings in the Learning, Commissioning and Partnerships 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 Children Services Operations directorate overspent by £1.98M and was offset by savings in Learning, Commissioning and Partnerships of £1.83M. The main areas contributing to the overspend (after use of reserves) are; Children in Care and Care Leavers £1.514M (£1.086M quarter three), Intake and Family Support £592k (£703k quarter three), and Fostering and Adoption Service £871k (£661k quarter three).

The Operations directorate overspend would have been significantly higher (£3.3M) had reserves from 2011/12 not been available.

The Transport budget also overspent by £310k, mainly due to the SEN Transport budget £274k (£236k quarter three).
13. 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
14. During 2011/12, the number of Looked After Children increased by 32 to 208. The number of children currently in care, at 250, 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 262. 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.
15. 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. New Earmarked Reserves have been requested to be set aside for the known pressures in 2013/14; £300k Fostering and Adoption, £1.2M Looked after Children and £143k Children with Disabilities. In addition reserves have been set aside corporately for the shortfall in EIG funding in 2013/14 of £1.193M and the Threshold review of £500k.

The addition to reserves in Children's Services would have the impact of increasing the underlying overspend of £119k to £1.762M overspend (excluding corporate reserves).

17. Table A: Directorate Overall position

	Approved Budget	Provisional Outturn	Variance (-under)/over	Variance after Use of Reserves
	£'000	£'000	£'000	£'000
Director CS	300	255	(44)	(44)
AD - CSO	20,534	23,869	3,335	1,976
AD – L & SC	5,305	3,992	(1,313)	(1,834)
Transport	7,437	7,747	310	310
Partnerships	605	635	30	0
Sub Total	34,181	36,498	2,317	408
DSG for Central Support	(1,817)	(1,817)	0	0
Total Children Services	32,364	34,681	2,317	408
Schools Individual Budgets	98,808	94,497	(4,312)	0
Supported by DSG/EFA	(98,258)	(97,640)	618	(288)
Total Schools	550	(3,143)	(3,694)	(288)
Total Children's Services	32,914	31,538	(1,376)	119

18. Table B – Subjective Analysis (Based on Outturn)

Expenditure type (Excluding Schools)	Forecast Outturn (Before use of Reserves) £'000
Staffing Costs	22,853
Premises and Transport	739
Supplies and Services	5,003
Third Party Payments	35,405
Other	2,837
Total Expenditure	66,837
Income	(8,233)
Grants (See Table C)	(23,923)
Total Income	(32,156)
Net Expenditure	34,681

19. 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)	11,020	Ring fenced
Early Intervention Grant	9,779	Non Ring fenced
YPLA Grant	430	Ring fenced
Social Work Training	246	Ring fenced
Asylum Seekers Grant	521	Ring fenced
Music Grant	354	Ring fenced
Troubled Families	84	Ring fenced
LSCB	168	Ring fenced
Transport	91	Ring fenced
Misc	1,230	Income
Total Grants*	23,923	

20. 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	4,036
Academies Statements / Early Years	2,408
DSG Contribution to Central Overheads*	1,817
Pupil Referral Unit	1,362
School Contingency / School Forum	851
Access to Education	236
14 – 19 Practical Learning	168
Teachers Unions and Professional Associations	97
Other Expenditure (AST, Attainment, Academy support)	45
Total	11,020

21. 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

22. The provisional out-turn position for the Director is £44k under spend due to savings in discretionary spend.

Children's Services Operations

23. AD Children's Services Operations

AD Children's Services is £13k under spend due to savings in discretionary spend.

24. Children In Care & Care Leavers

The provisional out-turn position is £1.514M over budget, (£1.086M over budget in quarter three). 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 £2.307M.

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.

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

The provisional out-turn position is £592k over budget, (£703k over budget quarter three). 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.

26. Children with Disabilities Service

The provisional out-turn position is £720k under budget, (£214k under budget quarter three), mainly due to delayed recruitment to vacant posts, not being able to progress the refurbishment works at Maythorn and the South Hub (Dunstable)

An Earmarked reserve of £143k has been requested for the development of the South Hub (Dunstable).

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.

27. Quality Assurance Service

The provisional out-turn position is £62k under budget due to savings in discretionary spend.

28. Fostering & Adoption Service

The provisional out-turn position is £871k overspend, (£661k over spend quarter three). The increased variance from quarter three is due to a rise in placements in Independent Fostering and Special Guardianship Orders and an extension to the expected end dates of children. 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).

29. The overspend is in line with the increase in Looked After Children with pressure on Independent Fostering, Special Guardianship Orders, Adoption Allowances and Residential Orders.
30. Local Safeguarding Children's Board
The provisional out-turn position is £10k under spend due to savings in discretionary spend.
31. Early Intervention and Prevention
The provisional out-turn position is £196k under budget (on budget quarter three). The underspend is due to the payments made to Early Years providers in March being less than anticipated due to reduced pupil numbers.

Learning, Commissioning and Partnerships

32. AD Learning, Commissioning and Partnerships
The provisional out-turn position is £41k under budget due to savings in discretionary spend.
33. Children's Services Commissioning/Youth Service
The provisional out-turn position is £316k under spend (£174k under spend quarter three). This is due to the delay in the work on 'raising the participation age' and recruiting to vacant posts.
34. School Support Service (including School Improvement and Music Service)
The provisional out-turn position is £1.22M under budget (£595k under budget quarter three). The increased under spend relates to savings in Special Recoupment and Out of County Placements and an increase in income.
The overall underspend is a contribution of £ 554k savings towards meeting the 2013/14 MTFP efficiency and a review of those areas that can be funded by the Dedicated School Grant (DSG) releasing core budget.
35. Other School Budgets
The provisional out-turn position is in line with the budget provision.
36. Partnerships and Workforce Development
The provisional out-turn position is £222k under spend. (£211k under spend quarter three) due to salary and discretionary spend savings in year and income generation.
37. School Organisation & Capital Planning
The provisional out-turn position is £38k under spend. (£136k under spend quarter three). The underspend has arisen due to a payment to Bedford Borough for the Contact Centre now being agreed below forecast and delayed recruitment.

Transport

38. Special Educational Need Transport
The provisional out-turn position is £274 over spend. (£236k over spend quarter three). The pressure has arisen from the re-commissioning of contracts not delivering the expected savings and an increase in demand.

39. Children with Disability Transport
The provisional out-turn position is £29k under spend due to increased demand.
40. Looked After Children Transport
The provisional out-turn position is £90k overspend due to increased demand.
41. Mainstream Transport
The provisional out-turn position is £25k under spend.
The key components contributing to the transport overspends are:
- the re-commissioning 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

42. The provisional out-turn position is in line with budget provision.

Schools

43. The Revenue out-turn position for Maintained Schools is an increase of £3.034M to £12.8M. There are no schools in deficit at year end.
44. The Capital outturn position for Maintained Schools is a use of reserves of £763k, reducing capital balances held to £1.1M.
45. Academy conversions continue with 39 converted schools and 99 Maintained schools as at Year end.
46. The under spend for Schools of £288k is due to the reduction in LACSEG (Local Authority Central Spend Equivalent Grant) payments as schools have not converted on the expected transfer date.

Virements

47. There has been one cross directorate budget virement that has taken place during quarter four for the transfer of property budgets to Property and Assets from the Children in Care and Care Leavers budget (£130k) and the Children with Disabilities budget (£49k).

Efficiencies (Appendix B)

48. The efficiency target for 2012/13 of £2.861M has been achieved, although the £200k efficiency relating to the ICS case management system has been met by compensatory savings.

Reserves Position (Appendix C)

49. There is a total proposed use of reserves of £2.815M detailed in the table below.

Directorate	Use of Reserves	£000's
Children's Services Operations	Children in Care and OFSTED recommendations	1,151
	Early Years Contract payments	179
Schools (DSG)	Individual Schools Budgets	843
	Advanced Skills Teachers	124
	PVI – headcount adjustments	169
	Transfer to teaching School	45
Partnerships	Performance Reward Grant	30
Corporate	Redundancy Reserve	274
Total		2,815

Debt Management (Appendix E1 and E2)

50. Total debt for Children's Services is £393k (£596k quarter three), £114k is debt over 61 days.

The debt over £10K (Appendix E1) totals £242k (£407k quarter three), £180k 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