

Meeting: Children's Services Overview and Scrutiny Committee
Date: 15 October 2013
Subject: 2013/14 Revenue Budget Monitoring
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 June 2013

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:

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:

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

Legal:

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

Risk Management:

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

Staffing (including Trades Unions):

4. Not applicable.

Equalities/Human Rights:

5. 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.
6. Equality Impact Assessments were undertaken prior to the allocation of the 2013/2014 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Community Safety:

7. Not applicable.

Sustainability:

8. Not applicable.

Procurement:

9. Not applicable.

RECOMMENDATIONS:

The Committee is asked to:-

- **Note the current projected full year outturn position is £2.163M over budget due to pressures in Fostering and Adoption, Transport and the reduction in DSG contributions for central overheads. The pressure for the Directorate had it not been managed in year by the use of reserves set aside from the 2012/13 financial year is £4.065M.**
- **Consider this report.**

Introduction and Key Highlights (Appendices A2)

10. The full year projected outturn position for 2013/14 as at June 2013 is over budget by £2.163M due to pressures in Fostering and Adoption (£783k), Transport (£497k) and DSG contributions to central overheads (£848k).
11. There have been 23 new placements in Fostering, 4 Special Guardianship orders and 2 In-house fostering placements, since the beginning of the financial year. This is in line with the increase in Looked After Children.
12. The forecasted average cost in 2013/14 for the 13 admissions in Independent Fostering Agencies is £33k, only one of these admissions has not been forecast to end of the financial year and most are part of sibling groups. Three of these admissions are children or babies with disabilities who have higher than average annual costs.
13. The existing pressure is based on the number of current placements, although it is recognised that this may reduce/increase should families move out or into the area. However the number of children being adopted in Central Bedfordshire is below statistical neighbours and national averages.
14. Central Bedfordshire Council has been allocated £555k of Adoption Reform Grant for 2013-14, and received the first quarter payment of £139k. The purpose of the grant is to provide support to Local Authorities with the implementation of the reforms. The main proposals for the use of the grant are as follows:-
 - Pilot a 'fostering for adoption' project.
 - Increase legal capacity
 - Increase Social Work capacity by 2fte to assess adopters
 - Support for Children's life story work
15. The overspend in Transport is a combination of mainstream transport (£297k) and SEN transport (£200k). This is due to an increase in demand in targeted transport, including travellers and managed moves. The Chiltern School in particular has seen an increase in pupil numbers, which may increase further during the new academic year.

16. The Dedicated Schools Grant (DSG) has in previous years contributed to corporate overheads £1.567M, however, due to the reduction in central School support services, it is not possible to apply DSG at the same level. The guidance on use of DSG is also now more robust and clear as to its use, in particular to overheads. The process of allocating overheads for the 2013/14 budget has now taken place and has reduced the allowable DSG contribution to £719k, resulting in a £848k pressure for the authority.
17. The budget to date is £9.657M compared to actual spend to date of £10.014M, over budget by £357k. This is a contribution of periodic spend and the trend of spend associated with Education budgets.
18. Not currently forecast are a number of possible risks that could see the budget variance rise over the forthcoming months:-
 - £400k Threshold Review, £900k was identified as required and requested at the year end as an Earmarked reserves. However, only £500k was approved, leaving a potential risk for the remaining £400k. The potential risk has been reviewed for June and still exists, however it may be released later in the year.
 - £298k Education Services Grant, due to Academy conversions, as the Department reduces the grant receipt each quarter based on the number of pupils in the converting Academy. The rate is set at £116.46 per pupil for mainstream schools and £494.96 special schools. The risk has been calculated based on the expected conversion date for the schools transferring during 2013/14.
19. The Early Intervention Grant which funded £9.77M of core services in 12/13 has now been subsumed into the Revenue Support Grant and is not separately identifiable for 2013/14. The main core services that this funded are as follows:
 - Children with Disabilities Short Breaks
 - Early Years Workforce Development
 - Learning & School Support including Education Psychology, Access & Inclusion and Music Service
 - Commissioning for Youth Service
 - Early Intervention & Prevention

However, the Children's Services budget did not increase by the full 9.77M in 13/14 due to the national reduction, and for Central Bedfordshire this was reduced by £1.193M. This has been managed in year by a Earmarked reserve but will be a pressure for the MTFP.

20. Summary Table A: Directorate Overall position

	Approved Budget	Provisional Outturn	Variance after Use of Reserves
	£'000	£'000	£'000
Director CS	111	287	(4)
AD - CSO	29,002	31,419	793
AD – L & SC	5,575	5,591	17
Transport	7,005	7,501	497
Partnerships	610	707	0
Sub Total	42,303	45,505	1,303
DSG Contribution to Central Support	(1,567)	(719)	848
ESG contribution to Central Support	(1,558)	(1,546)	12
Total Children Services	39,178	43,240	2,163
Schools Individual Budgets	88,627	88,627	0
Supported by DSG/EFA	(88,627)	(88,627)	0
Total Schools	0	0	0
Total Children's Services	39,178	43,240	2,163

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

Expenditure type (Excluding Schools)	Forecast Outturn (Before use of Reserves) £'000
Staffing Costs	23,069
Premises and Transport	624
Supplies and Services	2,636
Third Party Payments	39,041
Other	2,485
Total Expenditure	67,855
Income	5,449
Grants (See Table C)	19,166
Total Income	24,615
Net Expenditure	43,240

22. 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)	14,602	Ring fenced
Education Services Grant	2,969	Non Ring fenced
Social Work / Training	197	Ring fenced
Asylum Seekers Grant	153	Ring fenced
Music Grant	283	Ring fenced
Troubled Families	565	Ring fenced
LSCB	146	Ring fenced
Early Years Workforce Development	160	Ring fenced
Transport	91	Ring fenced
Total Grants*	19,166	

23. The distribution of the Dedicated Schools Grant (DSG) is in accordance with The School Finance and Early Years Finance (England) Regulations 2013 which prescribes in Schedule two the purposes that the LA may hold funding to contribute to central services. The DSG reported in Table C (£14,602M) can be further analysed as below:

	£000's
Special Education Provision (including post 16)	7,364
Academies Statements / Early Years	2,571
Two Year Old / Early Years Contingency	2,236
DSG Contribution to Central Overheads*	719
Pupil Referral Unit	398
School Contingency / School Forum	106
Access to Education	260
Teachers Unions and Professional Associations	64
Other Expenditure (Growth Fund/CLA)	884
Total	14,602

24. The Central Overheads* that are apportioned to Children's Services at year end are supported by £719k of Dedicated Schools Grant.

Director of Children's Services

25. The full year forecast is under budget by £4k. The pressure for the MTFP is £180k, as unspent reserves from 2012/13 were set aside to reduce the pressure for Children Services in 13/14.

Children's Services Operations

26. AD Children's Services Operations
The Fully year forecast for AD Children's Services is expected to be on budget.
27. Children in Care and Care Leavers
Full year forecast is on budget due to the use of reserves set aside at the end of 2012/13 financial year. The pressure had it not been managed by the use of reserves would be £1,072k over budget. This is mainly due to the revised staffing structure as a result of the increase in Looked After Children and the use of Agency workers whilst the recruitment campaign is carried out for qualified Social Workers.
28. There has also been an increased spend due to 3 new residential placements and one extension to March 2014 from June 2013, however, the full cost has been partially offset by two placement changes.
29. The pressures are expected to increase with the significant number of child protection plans currently in place and the implementation of recent OFSTED recommendations.
30. Intake & Family Support
Full year forecast is on budget due to the use of reserves set aside at the end of 2012/13 financial year. The pressure had it not been managed by the use of reserves would be £173k over budget. This is due to the revised staffing structure as a result of the increase in Looked After Children and the use of Agency workers whilst the recruitment campaign is carried out for qualified Social Workers.
31. Children with Disabilities Service
Full year forecast is currently on budget. The pressure had it not been managed by the use of reserves would be £27k over budget due to additional expenditure resulting from the delayed transition to the Hubs, including the use of Agency workers to cover vacant posts, increased mileage costs due to appendix E payments and redundancy costs funded from Corporate Reserves.
32. The variance of spend to date of £120k underspend is due to unfilled posts at present not covered by agency staff. These potential savings have not yet been included in the forecast until the budgets have been realigned and the efficiencies have been met.
33. Short breaks in previous financial years was fully funded by EIG funding, for 2013/14, core budget of £861k is forecast to be fully spent.
34. Quality Assurance CRS
Full year forecast is over budget by £14k due to the use of agency staff costs covering vacancies, sickness and maternity cover. The pressure had it not been managed by the use of resources is £66k due to the appointment of a Review Manager funded by reserves held for the threshold review.

35. Fostering and Adoption

There have been 23 new placements in Fostering, 4 Special Guardianship orders and 2 In-house fostering placements, since the beginning of the financial year. This is in line with the increase in Looked After Children. The existing pressure is based on the number of current placements, although it is recognised that this may reduce/increase should families move out or into the area,

36. LSCB

The full year forecast is currently on budget. There is a reserve of £50k to cover any pressure from the disaggregation of the LSCB.

37. Early Intervention and Prevention

Full year forecast is on budget, due to the use of earmarked reserves to compensate for the removal of the previous Early Intervention Grant (£1,193k full year) which has now been subsumed in the Council's Revenue Support Grant.

Learning Commissioning and Partnerships

38. AD Learning Commissioning and Partnerships

The full year forecast is currently on budget.

39. Children's Services Commissioning

The full year forecast is currently on budget

40. Youth Service

The full year forecast is currently on budget however the vacancy factor savings of £30k continues to be a pressure as there are no vacancies in this area.

41. School Support (including Music)

The full year forecast is currently £17k overspent, £6k in Assessment and Monitoring and £11k on the PRU which may be offset by the Pupil Premium Grant.

42. Other Schools 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.

43. Partnerships and Workforce Development

The full year forecast is currently on budget

44. School Organisation & Capital Planning

The full year forecast is currently on budget. Included in this area is the School Admissions Service which may see additional income being received for the appeals service.

Transport

45. Mainstream and Special Educational Need Transport

The overspend in Transport is a combination of mainstream transport (£297k) and SEN transport (£200k). This is due to an increase in demand in targeted transport, including travellers and managed moves. The Chiltern School in particular has seen an increase in pupil numbers, which may increase further during the new academic year.

Information on re-routing and re-tendering is expected to be received in July which may impact the current pressure.

46. CWD and LAC Transport

The full year forecast for CWD and LAC Transport is currently on budget

Partnerships

47. The full year forecast is currently on budget due to the use of reserves held to fund the Community Engagement Post (£56k) and use of corporate reserves (£40K) to fund additional costs incurred by Citizen's Advice Bureaus as a result of Welfare Reforms.

Dedicated Schools Grant

48. The Dedicated Schools Grant (DSG) has in previous years contributed to corporate overheads £1.567M, however, due to the reduction in central School support services, it is not possible to apply DSG at the same level. The guidance on use of DSG is also now more robust and clear as to its use, in particular to overheads. The process of allocating overheads for the 2013/14 budget has now taken place and has reduced the allowable DSG contribution to £719k, resulting in a £848k pressure for the authority.

Education Services Grant

49. The full year forecast is £12k overspend for the first quarter, however there is a risk of £298k, due to Academy conversions during the year. The Department will reduce the grant receipt each quarter based on the number of pupils in the converting Academy. The rate is set at £116.46 per pupil for mainstream schools and £494.96 special schools. The risk has been calculated based on the expected conversion date for the schools transferring during 2013/14.

Schools

50. The Revenue carry forward for maintained schools to 2013/14 is £12.413M, a rise of £3.968M from the previous financial year. The rise in revenue balances is believed to be due to the 'in year' increases to Individual Schools Budgets (ISB) paid from unspent centrally held DSG (£1.779M) and preparation for the further changes and impacts of the School Funding Reforms.
51. The Capital reserves fell by £763k to £1.1M.
52. As at June 2013, 4 schools converted to Academy Status during 2013/14, with a further 14 expected to convert before the end of the year. There is a total of 42 Academy schools currently.
53. The Department for Education published on the 4th June 2013 its arrangements and changes to School funding reform for 2014/15 in order to move closer to a national funding formula.

Virements

54. There have been 2 cross directorate budget virements during the first quarter.
- £400k Cross Cutting Efficiency in Children's Services Transport from Corporate Services
 - £279k Additional Pension payments from Corporate Services. The rise in superannuation costs were initially included in the Corporate Services budget, these have now been vired out to individual services within directorates.

Efficiencies (Appendix B)

55. The Children's Services efficiency target for 2013/14 is £2.077M (including Cross Cutting efficiencies of £0.400M for Transport. Since the commencement of the 2013/14 financial year progress has been made in all Children Services efficiencies.
56. Work will continue during the year to ensure the efficiencies are achieved, if not compensatory savings will need to be found. This will be highlighted and reported through the Efficiency Implementation Group.

Reserves position (Appendix C)

57. There is a total proposed use of reserves of £1.901M.
- £180k in Director of Children's Services
 - £1.072M in Children in Care and Care Leavers
 - £173k in Intake and Family Support
 - £27k in Children with Disabilities
 - £52k in Quality Assurance
 - £300k in Early Intervention and Prevention
 - £57k in Partnerships
 - £40k in Partnerships (use of Corporate Reserves)

Debt Management (Appendix E1 and E2)

58. Total debt for Children's Services is £858k of which £121k is debt over 61 days. The debt over £10K (Appendix E1) totals £740k, of which £338k 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