

**Meeting:** Children's Services Overview and Scrutiny  
**Date:** 13 December 2013  
**Subject:** 2013/14 Revenue Budget Monitoring  
**Report of:** Cllr Mark AG Versallion, Executive Member for Children's Services  
**Summary:** The report sets out the projected full year forecast as at 30 September 2013

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**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.

**RECOMMENDATION:**

**The Committee is asked to note the current projected full year outturn position.**

**Introduction and Key Highlights (Appendices A2)**

10. The full year projected outturn position for 2013/14 as at September 2013 is over budget by £2.633M mainly due to pressures in Children in Care and Care Leavers (£172k), Intake and Family Support (£174k) Fostering and Adoption (£819k), Transport (£516k) and DSG contributions to central overheads (£848k). Had the pressure for the Directorate not been managed in year by reserves set aside from the 2012/13 financial year the pressure would be £6.389M. The Dedicated School Grant reserves of £853k that is not anticipated will be spent will be added to the Schools Block for 2014/15 and redistributed to Schools.
11. At the time of writing there have been 41 new independent fostering agency placements since the beginning of the financial year, where the average cost is £39k. Most of these placements are part sibling groups. This is in line with the increased numbers in Looked After Children. Three of these admissions are children or babies with disabilities who have higher than average annual costs.

The table below indicates the upward trajectory and pressure on the budget.

|  | Total as at<br>September<br>2012 | Total as at<br>September<br>2013 | % increase |
|--|----------------------------------|----------------------------------|------------|
| Number of LAC                                | 227                              | 285                              | 25.6%      |
| Number of LAC - In<br>House Placements       | 79                               | 92                               | 16.5%      |
| Number of LAC -<br>Independent<br>Placements | 82                               | 112                              | 36.6%      |
| Child Protection Plan                        | 239                              | 290                              | 21.3%      |
| Children in Need                             | 1,593                            | 1,772                            | 11.2%      |
| Number of Referrals<br>(YTD)                 | 1,163                            | 1,207                            | 3.8%       |

12. Central Bedfordshire Council has been allocated £555k of The Adoption Reform Grant for 2013/14. The purpose of the grant is to provide support to Local Authorities with the implementation of the reforms. The main allocations for 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, an important part of fostering and adoption support to ensure a successful placement.
13. The overspend in Transport is a combination of mainstream transport (£316k) and SEN transport (£200k). This is due to an increase in demand in targeted transport and managed moves.
14. The Dedicated Schools Grant allocation against overheads has been recalculated against allowable services, resulting in a reduced level of overhead that can be recovered this way, hence the pressure (£848k).
15. The actual spend to date of £22.287M, over budget by £1.286 M after in year use of reserves, is in line with the current full year forecast overspend of £2.633M.
16. Not currently forecast and a risk to the current forecast outturn position is the anticipated reduction to the Education Services Grant and a further increase in pressures for Looked After Children. The Education Services Grant is reduced each quarter based on the number of pupils in the converting Academy, pro rata to the financial year. The rate is set at £116.46 per pupil for mainstream schools and £494.96 in total for special schools. Regional comparisons with other local authorities indicate a further rise in the number of Looked After Children.
17. 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 provision for Looked after children in the Music Service
  - Commissioning for Youth Service
  - Early Intervention & Prevention

The Children's Services budget did not increase in line with the transfer to RSG due to the national reduction and two year old funding moving to the DSG. This has been managed in year by an Earmarked reserve of £1.193M but will be a pressure for the MTFP in the budget year 2014/2015.

## 18. Summary Table A: Directorate Overall position

|                                     | Approved Budget | Provisional Outturn | Variance after Use of Reserves |
|-------------------------------------|-----------------|---------------------|--------------------------------|
|                                     | £'000           | £'000               | £'000                          |
| Director CS                         | 422             | 634                 | 0                              |
| AD – CSO                            | 28,740          | 33,259              | 1,239                          |
| AD – L & SC                         | 5,521           | 5,520               | (58)                           |
| Transport                           | 7,012           | 7,552               | 516                            |
| Partnerships                        | 610             | 675                 | 0                              |
| <b>Sub Total</b>                    | <b>42,305</b>   | <b>47,640</b>       | <b>1,697</b>                   |
| DSG Contribution to Central Support | (1,567)         | (719)               | 848                            |
| ESG contribution to Central Support | (1,558)         | (1,471)             | 87                             |
| <b>Total Children Services</b>      | <b>39,180</b>   | <b>45,450</b>       | <b>2,632</b>                   |
| Schools Individual Budgets          | 88,519          | 88,519              | 0                              |
| Supported by DSG/EFA                | (88,519)        | (88,400)            | 0                              |
| <b>Total Schools</b>                | <b>0</b>        | <b>119</b>          | <b>0</b>                       |
| <b>Total Children's Services</b>    | <b>39,180</b>   | <b>45,569</b>       | <b>2,632</b>                   |

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

| Expenditure type (Excluding Schools) | Forecast Outturn<br>(Before use of Reserves)<br>£'000 |
|--------------------------------------|---|
| Staffing Costs                       | 23,623  |
| Premises and Transport               | 626   |
| Supplies and Services                | 6,954   |
| Third Party Payments                 | 36,224  |
| Other                                | 3,875   |
| <b>Total Expenditure</b>             | <b>71,302</b>   |
| Income                               | 4,526   |
| Grants (See Table C)                 | 21,326  |
| <b>Total Income</b>                  | <b>25,852</b>   |
| <b>Net Expenditure</b>               | <b>45,450</b>   |

## 20. Table C – Grant Analysis

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

| <b>Grant</b>                      | <b>£000's</b> | <b>Ring fenced / Non ring fenced</b> |
|-----------------------------------|---------------|--------------------------------------|
| Dedicated Schools Grant (DSG)     | 15,812        | Ring fenced                          |
| Education Services Grant          | 2,894         | Non Ring fenced                      |
| Social Work / Training            | 201           | Ring fenced                          |
| Adoption Reform Grant             | 555           | Ring fenced                          |
| Asylum Seekers Grant              | 256           | Ring fenced                          |
| Music Grant                       | 283           | Ring fenced                          |
| Troubled Families                 | 747           | Ring fenced                          |
| LSCB                              | 160           | Ring fenced                          |
| Early Years Workforce Development | 201           | Ring fenced                          |
| Extended Rights to Free Travel    | 143           | Ring fenced                          |
| Youth                             | 40            | Ring fenced                          |
| Miscellaneous Grants              | 34            |                                      |
| <b>Total Grants*</b>              | <b>21,326</b> |                                      |

21. The distribution of the Dedicated Schools Grant (DSG) is in accordance with The School 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 (£15.902M) can be further analysed as below:

|   | <b>£000's</b> |
|---|---------------|
| Special Education Provision (including post 16) | 8,866         |
| Academies Statements / Early Years              | 2,752         |
| Two Year Old / Early Years Contingency          | 1,817         |
| DSG Contribution to Central Overheads*          | 719           |
| Pupil Referral Unit                             | 409           |
| School Contingency / School Forum               | 130           |
| School Admissions                               | 260           |
| Teachers Unions and Professional Associations   | 64            |
| Growth Fund                                     | 795           |
| CLA   | 90            |
| <b>Total</b>                                    | <b>15,902</b> |

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**

22. The full year forecast is on budget. 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**

23. AD Children's Services Operations

The full year forecast is an overspend of £147k due to additional spend relating to the threshold review.

24. Children in Care and Care Leavers and Intake & Family Support

The full year forecast for these areas is over budget by £346k. The overspend had it not been managed by the use of reserves would be £1.596M Children in Care and £684k Intake & Family Support. This is mainly due to the increase in Looked After Children and the use of Agency workers whilst the recruitment campaign is carried out for qualified Social Workers. At the time of writing Agency staff have been forecast to remain until December 2013, and the recruitment campaign has been accelerated.

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. Children with Disabilities Service

Full year forecast is £72k under budget due to savings in salary budgets and delayed recruitment. The £143k reserve set aside at the end of 2012/13 financial year is forecasted to be fully used.

26. Quality Assurance CRS

Full year forecast is on budget and due to the use of reserves of £54k to cover the appointment of a Review Manager related to the threshold review.

27. Fostering and Adoption

The current forecast pressure is £819k due to the increased number of Looked After Children. At the time of writing there has been 41 new independent fostering agency placements since the beginning of the financial year, where the average cost is £39k. Most of these placements are part sibling groups. Three of these admissions are children or babies with disabilities who have higher than average annual costs.

The forecast pressure includes £229k use of reserve set aside for the disaggregation of the fostering service.

28. LSCB

The full year forecast is currently on budget. The reserve of £50k set aside for the disaggregation of the LSCB will be fully utilised in 2013/14 and a pressure for the MTFP.

29. 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 funded Children Centre contracts. This will be a pressure for the MTFP.

**Learning Commissioning and Partnerships**

30. AD Learning Commissioning and Partnerships

The full year forecast is currently on budget.

31. Children's Services Commissioning

The full year forecast is a £25k under spend due to salary savings relating to a delay in recruitment.

32. Youth Service

The full year forecast is currently on budget.

33. School Support (including Music)

The full year forecast is currently on budget.

34. 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.

35. Partnerships and Workforce Development

The full year forecast is currently on budget

36. School Organisation & Capital Planning

The full year forecast is currently a £38k under spend. Year to date expenditure is currently below the profiled budget (£129k) due to the delay in paying for commissioned work, including the Beds East Trust, and the recruitment of staff, which is expected to take place in the second half of the year.

**Transport**

37. Mainstream and Special Educational Need Transport

The overspend in Transport is a combination of mainstream transport (£316k) and SEN transport (£200k). This is due to an increase in demand in targeted transport and managed moves. The Chiltern School in particular has seen an increase in pupil numbers, which will increase further during the new academic year.

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

38. CWD and LAC Transport

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

## **Partnerships**

39. The full year forecast is currently on budget due to the use of reserves held to fund the Community Engagement Post (£25k) 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**

40. The Dedicated Schools Grant (DSG) allocation against overheads has been calculated against allowable services, resulting in a reduced level of overhead that can be recovered this way, hence the pressure.

## **Education Services Grant**

41. The Education Services Grant established in April 2013 to replace the former system of LA Block Local Authority Central Spend Equivalent Grant (LACSEG) payments to Academies. The Grant is intended to pay for central education functions including :

- Therapies and other health related services
- Pupil support
- Education Welfare Services
- School Improvement
- Asset management – education
- Music Services
- Visual and performing arts
- Outdoor education
- Statutory/regulatory duties
- Premature retirement costs/redundancy costs
- Monitoring national curriculum assessment

The allocation for Central Bedfordshire is £3M and based on the number of pupils attaining both Maintained and Academy schools. £15 per pupil is paid for ALL pupils for the statutory duties that do not transfer to Academies (£587k) and £116.46 per pupil for mainstream schools maintained and £494.96 special schools (£2.421M).

42. The full year forecast is £87k overspend due to the deduction to date for pupils in schools transferring to Academy status during the 13/14 financial year. There is a further risk of £75k, due to further Academy conversions during the year. The Department will reduce the grant receipt each quarter based on the number of pupils in the converting Academy.

## **Schools**

43. 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.
44. The Capital reserves fell by £763k to £1.1M.



45. There are 138 Schools in Central Bedfordshire, 43 of which are Academies with 6 further expected to convert before the end of the financial year.
46. The Department for Education published on the 4 June 2013 its arrangements and changes to School funding reform for 2014/15 in order to move closer to a national funding formula. The responses to the consultation process with Schools which ended on the 27 September 2013 is being presented to the School Forum at their meeting on the 14 October 2013.

#### **Virements**

47. There have been no cross directorate budget virements during September.

#### **Efficiencies (Appendix B)**

48. 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. Of the Transport efficiency there was an amount of £156k identified to be met by the 31 August 2013, this has been met. A further £44k will be achieved by the 31 March 2014. The £200k identified for SEN Transport will not be met in full. The projected shortfall is £70k. Community Services have identified this based on the work undertaken by Transport Advisory Service and the projections as at the end of September 2013.
49. Work will continue during the year to identify any compensatory savings to offset this shortfall. This will be highlighted and reported through the Efficiency Implementation Group.

#### **Reserves position (Appendix C)**

50. There is a total proposed use of Children Services reserves of £3.756M detailed on Appendix A2. The Dedicated School Grant reserves of £853k that is not anticipated to be spent will be added to the Schools Block for 2014/15 and redistributed to Schools.

#### **Debt Management (Appendix E1 and E2)**

51. Total debt for Children's Services is £795k of which £110k is debt over 61 days. The debt over £10K (Appendix E1) totals £716k, of which £699k relates to Bedford Borough.  
  
An additional report is now provided as Appendix E2 detailing the top ten over 60 days invoices for the directorate.

#### **Appendices:**

Appendix A2 Directorate Position analysed by AD

Appendix A3 Movement since last quarter

Appendix B Efficiencies

Appendix C Earmarked Reserves

Appendix E1 Debt over £10K

Appendix E2 Top Ten Invoices