

**CHILDREN AND YOUNG PEOPLE
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.**

DATE: 10 July 2014

REVENUE AND CAPITAL OUTTURN 2013/14 (PRE-AUDIT)

Ward(s) All

Portfolio:

Councillor Mohammed Arif – Children's Services

Summary of report

This report summarises the revenue and capital outturn position for the year ended 2013/14, subject to external audit, for services within the remit of the Children and Young People Scrutiny and Performance Panel.

Recommendation

To note that the 2013/14 year end financial position for services under the remit of the Children and Young People Scrutiny and Performance Panel is a net revenue overspend of **£2.377m** after the use of approved reserves and carry forwards. This is against a net budget of **£73.252m**. The capital programme is forecast to be a net capital underspend of **£13.914m**, which reduces to a net capital underspend of **£0.129m** after carry forward requests are taken into account.

Background papers

Various financial working papers

Quarter 1 financial monitoring position for 2013/14

Quarter 2 financial monitoring position for 2013/14

Quarter 3 financial monitoring position for 2013/14

2013/14 Budget Book

Reason for scrutiny

To inform the panel of the pre-audit financial position for 2013/14.

Signed:



CFO: James Walsh

Date: 2 July 2014

Interim Executive Director: Rose Collinson

Date: 2 July, 2014

Resource and legal considerations

Services are required to manage their services within budget. Overspends may arise for a number of reasons, including national economic and local factors. Further detail is provided within this report. Any corporate overspend will require replenishment in year or as part of the 2014/15 budget.

The accounts were monitored and reported on as part of the budget guidelines and all entries into the final accounts have been undertaken in line with the required accounting guidance and standards.

Citizen impact

The budget is aligned with service activity within service plans within the directorate. Investment has been targeted at service improvement, stability and user demand.

Environmental impact

Services within the remit of this panel have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget. Corrective action plans are in place to mitigate overspends within service. Variances against budget are identified in the report.

Equality Implications

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

Consultation

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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1 Revenue Outturn 2013/14 – Children and Young People

- 1.1 The revenue outturn for 2013/14 for the services under the remit of the Children and Young People's Panel is an overspend against budget of **£2.377m** (net of the use of earmarked reserves/approved carry forwards). This position is subject to external audit which will take place during July/August. **Table 1** provides a summary by service and a full analysis of the material variances is shown in **Appendix 1**.
- 1.2 The predicted outturn includes use of reserves of £2.563m and transfer to reserves of £6.265m (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and £0m of approved carry forwards from previous years. **Table 2** provides the detail of reserves.
- 1.3 Carry forwards are a means of recognising sound budget management by allowing the carry forwards of planned revenue underspends and/or achieved revenue savings, excluding the use of windfalls/unplanned underspends/savings. This is dependent on achievement of planned service delivery targets/outcomes and a balanced position council wide at year end. Approval for under/overspend carry forward rests with Cabinet, on the advice of the Chief Finance Officer.

Table 1 - Revenue Outturn 13/14

Service Area	Annual Budget £'000	Year End Actual £'000	Year End Variance £'000	Use of Reserves £'000	Transfer to Reserves £'000	Variance after Reserves £'000
Prevention & Targeted Services	17,086	16,067	-1,020	-312	320	-1,012
Specialist Services	40,591	44,860	4,268	-731	16	3,553
Education	15,574	11,001	-4,574	-1,520	5,929	-165
Total For Childrens	73,252	71,927	-1,325	-2,563	6,265	2,377

Table 2 - Use of Reserves and Transfer to Reserves

<u>Use Of Reserves</u>		
<u>Service</u>	<u>Details of Reserves</u>	<u>£</u>
Education	Criminal Records Bureaux Checks	-12,544
Education	St Thomas Moore PFI	-39,024
Education	Transition	-513,339
Corporate Parenting	Newly Qualified Social Workers	-38,998
Children's Services	Early Intervention Grant	-36,972
Corporate Parenting	Social Worker Improvement Fund	-114,935
Corporate Parenting	Social Worker Improvement Fund - MUNRO	-7,875
Intervention & Education	Intervention & Commissioning	-494,050
Childrens	Redundancy & Pension	-880,572
Intervention	Interim Director Costs	-150,000
Prevention & Partnerships	One off activities in 12/13 to support the delivery of the early intervention plan	-138,637
IPYSS	My place project	-50,362
Education	Pilot - new relationships with schools	-50,000
Corporate Parenting	Housing Extension	-36,186
Total Use of Reserves		-2,563,494
<u>Transfer to Reserves</u>		
<u>Service</u>	<u>Details of Reserves</u>	<u>£</u>
Education	DSG	5,847,167
Education	Pupil Premium	67,878
Education	Additional Grant for Schools	13,934
P&T Mgmt	SEN Grant	75,000
Prevention	Troubled Families - Up front funding	235,000
IYPSS	16-19 Bursary Grant	10,029
Specialist Svs Mgmt	ASYE Grant	16,095
Total Transfer to Reserves		6,265,103

2 Capital Outturn 2013/14 – Children and Young People

- 2.1 The capital outturn for 2013/14 for the schemes under the remit of this panel is underspend against budget **£0.129m** after carry forward requests of **£13.785m**. **Table 3** shows a summary per service with more detailed analysis by scheme at **Appendix 2**.
- 2.2 The underspend and carry forward are planned actions. Three of the funding streams that are being carried forwards are ring fenced to education and are designed to be used over multiple financial years. The other three relate to projects that have been delayed and are intended to be completed in 2014/15.

Table 3

Service Area	Annual Budget £'000	Year End Actual £'000	Year End Variance £'000	Proposed Carry Forward to 2014/15 £'000
Council Resources				
Specialist services	1,000	8	(992)	(992)
Education	350	30	(320)	(190)
Total Council Resources	1,350	38	(1,312)	(1,182)
Externally Funded				
Prevention and Targeted	543	7	(536)	(536)
Specialist services	141	121	(20)	(20)
Education	26,270	14,224	(12,046)	(12,046)
Total Externally Funded	26,954	14,352	(12,602)	(12,602)
Total Children and young People's Capital	28,304	14,390	(13,914)	(13,784)

Appendix 1 - Reasons for revenue forecast

Service	Variance £'000	Explanation of Year End Forecast
Children's Management	658	Increased looked after children has led to an increase in legal costs, caused by a greater number of court appearances and associated legal expenses, an overspend of c£265k occurred, this is offset by the vacant posts of 2 senior members of staff covered within the Intervention budget. Children with disabilities staffing budget has 10 FTE staff supporting children with disabilities but there are 5 FTE permanent staff and 8 agency, this has created an overspend of c£369k.
Corporate Parenting	992	Corporate Parenting has a budget based on an average of 541 LAC throughout the final year. At several times during the year there were over 600 LAC and approximately 620 LAC at year end. This creates extra placement costs of £610k throughout 2013-14. Corporate Parenting had a number of agency workers throughout the year covering vacant posts, maternity, secondment and also additional workers to cover increases in caseloads. The net effect of this was an overspend on salaries of £394k. The internal residential service was restructuring for 2014/15. By completing this earlier than planned an extra saving of (£127k) was generated. A number of other services had underspends which combined to a total of (£105k). When LAC go through transition and prepare to leave care they become entitled to care leaver payments and this budget was overspend by £186k in 2013/14 due to increased activity.
Vulnerable Children	1,526	Agency staff were employed throughout the year at varying levels to cover posts (vacant, sickness, maternity) and in some cases there were extra posts. At the end of the financial year there were 46 agency staff, 19 covering vacant posts, 12 covering sickness, secondments and maternity and the remaining 15 were additional to establishment. There was an overspend on staffing costs of just over £1.5m in 2013/14
Safeguarding	192	Extra staffing costs of £308k were incurred to cover a number of vacant posts with agency staff. This was offset by under spends of (£170k) on family centres
Prevention, Workforce and Partnerships	(780)	Children's Centres saw invoices coming through at a lower level than expected from 12/13 which created a one off (£214k) underspend in 2013/14, this was offset by fees at Alumwell being lower than expected £65k. Early Years development did not generate the expected level of cost in year and therefore created an underspend of (£564k). Some of the early years development was actually completed in year but charges were made to Dedicated Schools Grant (DSG) c£100k.
Integrated Young People Support Services	(45)	One off costs were incurred in Youth Justice service of c£184k to implement the findings of the Short Quality Screening (SQS) Review. These were offset by vacancies being held in other areas of the youth service
Education	(165)	Information Services in Education managed to generate additional income above budget though trading with schools (£163k)
Total Variance OVERSPEND	2,377	

Service	Annual Budget £	Actual To Date £	Year End Variance £	Proposed Carry Forward to 2014/15 £
<u>Council Resources</u>				
<u>Specialist Services</u>				
Eldon House reprovision	9,002	9,002	(0)	0
Integrated children's system	66,813	0	(66,813)	(66,813)
Contact services	925,000	0	(925,000)	(925,000)
<u>Education</u>				
Barcroft - (Elm Street/Albion Road) Targeted capital	328,167	8,337	(319,830)	(190,485)
Schools access initiative	21,542	21,542	0	0
Total Council Resources Capital	1,350,524	38,881	(1,311,643)	(1,182,298)
<u>Externally Funded</u>				
<u>Prevention and Targeted</u>				
Myplace Young Peoples Centre	43,294	6,599	(36,695)	(36,695)
2 year old capital	500,000	0	(500,000)	(500,000)
<u>Specialist Services</u>				
Pathfinder short breaks (disabled children)	141,052	120,671	(20,381)	(20,381)
<u>Education</u>				
14-19 diplomas, SEN and disabilities	122,993	5,476	(117,517)	(117,517)
Academies	10,387,920	7,486,117	(2,901,803)	(2,901,803)
Barr Beacon language college - s106	5,201	0	(5,201)	(5,201)
Basic need	5,634,744	1,745,629	(3,889,115)	(3,889,115)
Black Country University Technical College (UTC) - Phase 2	33,327	11,981	(21,346)	(21,346)
Barcroft Primary Toilet Block	114,323	114,323	0	0
Barcroft Primary additional classroom	923	923	0	0
Capital maintenance	7,321,499	3,767,646	(3,553,853)	(3,553,853)
Devolved capital	2,648,940	1,092,631	(1,556,309)	(1,556,309)
Total Externally Funded Capital	26,954,216	14,351,996	(12,602,220)	(12,602,220)
Total Children and Young People's Capital	28,304,740	14,390,877	(13,913,863)	(13,784,518)