

04 December 2009

Financial Monitoring – 2009/10 Second Quarter Forecast

Ward(s) All

Portfolios: Councillor Walker

Summary of report:

This report gives a breakdown of the Directorate's financial outturn forecast for 2009/10 including explanations of overspends and risks to the achievement of the forecast, based on the first 6 months of the financial calendar, April to September 2009. The current position shows a forecast overspend of **£2.598m** and details the significant management action which is taking place, without which the overspend would be greater.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide an update on the 2009/10 financial performance of the Directorate's Services.

Resource and legal considerations:

The budgets were set as part of the council's budget setting process in line with the Medium Term Financial Strategy.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance management:

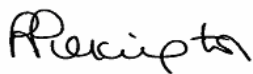
Financial performance is considered alongside service targets.

Equality Implications:

None directly associated with this report.

Consultation:

Consultation has been undertaken as part of the budget monitoring process with senior managers within the services.



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1 Forecast Revenue Outturn 2009/10 – Children and Young People

A forecast net revenue overspend of **£2.598m** is forecast. This is after a corrective action plan of £1.955m without which an overspend of £4.553m would be predicted. £0.457m of this action plan has been achieved to date. If the balance of this corrective action plan is not achieved then this position will worsen. The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year end forecast and achievement of savings. **Table 1** shows the Forecast Outturn for each service area within the directorate.

Table 1 – Projected Year-end Position for C&YP post action plan

SERVICE	Annual budgeted spend	Annual budgeted income	Net annual budget	Forecast annual spend	Forecast annual income	Forecast annual net position	Variance Over / (Under)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Children's Services								
Education	241,473	-232,561	8,912	242,711	-233,603	9,108	196	2.20%
Specialist services	27,214	-2,437	24,777	29,652	-2,546	27,106	2,330	9.40%
Universal services	12,139	-6,979	5,160	12,665	-7,433	5,232	72	1.40%
Total Children's Services	280,826	-241,978	38,848	285,028	-243,582	41,446	2,598	6.7%

2 Analysis of Variances

2.1 Specialist Services

2.1.1 The forecast outturn for Specialist Services is an overspend of **£2.330m**. This figure is after management have taken a series of actions to reduce the overspend by £1.955m. This action plan is being managed and individual officers are responsible for actions within that plan. Options are being continually analysed, monitored and developed to mitigate this overspend. The most significant pressures on the service remain around Looked After Children (LAC).

2.1.2 Since the 2009/10 budget process took place in autumn 2008 there has been a significant increase in the number of LAC from 450 to a current position of 475. Since the beginning of the financial year an increase has been seen which is believed to be associated with revised deprivation indicators (IDACI) and the effect of reassessment of risk since the death of "Baby P". Work is ongoing and Placement Panel meets every 2 weeks to review cases.

2.1.3 With high levels of LAC, foster care recruitment activity is planned to accelerate, but in the meantime additional family placements will be required from independent fostering agencies. These costs can be significant.

2.1.4 Courts still have an expectation that care cases will have high levels of contact with birth families, particularly during care proceedings involving increased costs in supervision

and transport. Corrective action is being implemented to reduce cost in this area but an overspend of £0.450m is anticipated. New legislative requirements stemming from a new public law outline caused costs to increase in 2008/09. It is expected that this will create an overspend of c£0.075m in 2009/10. All possible actions to mitigate this will take place.

2.1.5 Corrective action planning is being implemented in all these areas to reduce as far as possible the potential overspend without any additional risk to children.

2.2 Education

If schools follow the appropriate guidance and qualify under exact criteria then school redundancies will be charged to the Local Education Authority mainstream budgets. The level of redundancies this year has been higher than in previous years and budgets are already overspent. Actions are being taken wherever possible to mitigate these overspends but if this trend continues budgets will come under more financial pressure.

2.3 Universal Services

An overspend is forecast for Universal Services of **£0.072m**. High demand remains around areas such as Direct Payments and Family Support. These pressures are estimated at £0.324m. Management action has taken place across Universal Services and that has produced savings of £0.252m. Actions include maximising use of grant income and vacancy management.

3. Risks

3.1 Specialist Services

- Looked After Children – c480 is the highest LAC has been since July 2005. Work is ongoing in this area but the increased number of clients could increase the overspend position.
- Risks of increasing care costs due to changes in the environment and individual needs of looked after children.

3.2 Education

- Further redundancy costs could be agreed and increase the forecast
- Cost of Criminal Records Bureau checks continue to be higher than budgeted.
- Excellent performance against Key Performance Indicators in the education contract can trigger increased payments. However it must be noted that there would be improved outcomes for children in Walsall if this was the case.

3.3 Universal Services

- The Integration of Young Peoples Support Services is planned taking place over the next few months. Work is currently underway to reorganise and realign budgets to the new service. Plans indicate that this transition will be in budget; however such a significant change is being monitored closely and carries risk.

4. **Savings and Investments Tracking**

During the 2009/10 budget setting process a number of savings and investments were approved for CYP and are included in the revenue budget detailed above. Achievement/use of these savings/investments is monitored to assess the directorate's performance against the planned activity shown in **Table 2**:

Table 2 – Actions from 2009/10 Budget

INVESTMENT/SAVING DESCRIPTION	FULL 2009/10 SAVING	Forecast Investme nt/Saving	RAG
Increase in Demand of no recourse to public funds - statutory duty under Sec 20 Children Act for children of those whose immigration status means they have no access to other public funds, obligation to fund - potential overspend if not approved	260,000	260,000	
Statutory requirement to provide adoption support and special guardianship (adoption and children act)	75,000	75,000	
Increased funding for family law cases	224,000	224,000	
Increased work around complex abuse cases (child protection)	19,500	19,500	
Closure of children's home - children accommodated in foster placements - revenue savings	- 400,000	-400,000	G
Deletion of education support coordinator post	- 50,000	-50,000	G
Restructure of Outreach team -Team of unqualified workers support looked after children in pursuing leisure, arts and cultural activities, promoting self esteem and encouraging participation and positive activities. Removal of Operations Manager and Team Manager posts along with 2 additional outreach workers	- 111,582	-111,582	G
Reduction in numbers of looked after children	-372,000	-	R
Review & restructure of work in conjunction with SCI	-157,000	-157,000	A
Review & Restructuring of service delivery with Youth Offending Service	-155,833	-155,833	G
Reduction of hours on the Walsall Children's Fund Commissioning Support Team Budget	-2,789	-2,789	G
Realignment of Prevention & Local Services costs with Grant income. Offset salary costs against national grant income allocated to Walsall annually to deliver Contact Point (Statutory requirement to support the delivery of Children's Services)	-33,000	-33,000	G
Universal Services Management Team - Maximising potential of undergraduate scheme to reduce salary costs in partnership with local university.	-20,000	-20,000	G
Youth service Training and Development resources	-22,500	-22,500	G
Youth Service Buildings Maintenance Budget	-10,000	-10,000	G
Youth Development Fund- Previously this budget was aligned with specific cost centres. Via a review and restructuring process, this fund is now being centralised, and efficiencies have been identified via this process. Development work maintained with greater efficiency and Strategic overview	-15,000	-15,000	G
Youth Offending Service(realign a YOS management post with WNF grant) Dependant on grant approval	-27,350	-27,350	G
Youth Offending Service(realign YOS manger with YJB grant) Dependant on grant approval	-27,350	-27,350	G
Youth Offending Service(realign YOS manger with YJB grant) Dependant on grant approval	-27,350	-27,350	G
Reduction in Youth Service activities by review of organisation and resources including the deletion of vacant posts	-68,366	-68,366	G
Realign services to establish integrated Young Peoples services. Economies of scale, reduction in management to include children's trust arrangements	-96,000	-96,000	G
Reallocation of Agency Savings	-2,423	-2,423	G
Net Investments/Savings	-1,020,043	-648,043	

5. Capital Programme

The forecast capital programme outturn for the CYP as at the end of September 2009 is predicted to underspend by £1,028,148. **Table 4** provides a detailed financial analysis of the capital position by service.

Table 4 - Forecast Capital Outturn 2009/10

Programme	Annual Budget	Year To Date	Year End Forecast	Slippage/ Underspend to 2009/10
	£	£	£	£
Mainstream				
Universal Services	94,965	16,539	94,965	0
Specialist Services	1,339,501	23,531	311,353	(1,028,148)
Education	15,486,529	2,563,381	15,486,529	0
Sub-total	16,920,995	2,603,451	15,892,847	(1,028,148)
Non-mainstream				
Universal Services	633,600	44,065	633,600	0
Education	25,420,056	4,063,330	25,420,056	0
Sub-total	26,053,656	4,107,396	26,053,656	0
Total	42,974,651	6,710,846	41,946,503	(1,028,148)

The projects forecast to underspend is Eldon House refurbishment. Currently there is strategic analysis taking place of how to best use capital to improve this facility or look for alternate premises.