

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

**Agenda    Item  
No. 7**

**DATE: 8 March 2012**

**QUARTER 3 FINANCIAL MONITORING POSITION FOR 2011/12**

**Ward(s)**                      All

**Portfolio:**

Councillor R Andrew – Children's Services

**Summary of report**

This report summarises the predicted revenue and capital outturn position for 2011/12, based on the performance for quarter 3 (to end of December 2011), for services within the remit of the Children and Young People's Panel.

**Recommendation**

To note the 2011/12 forecasted year end financial position for services under the remit of the Children and Young People's Panel is net revenue underspend of **£0.586m**, after the use of approved reserves and carry forwards. The capital programme is forecast to be on budget after slippage.

**Background papers**

Various financial working papers.  
Quarter 1 & Quarter 2 financial monitoring position for 2011/12  
2011/12 Budget Books on Council's Internet and Intranet

**Reason for scrutiny**

To inform the panel of the forecasted financial position for 2011/12 within the remit of this panel.

**Signed:**



**Executive Director:** Pauline Pilkington  
**Date:** 27 February 2012

**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 the 2011/12 budget.

**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, wherever possible. 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**

Senior managers within the services have been consulted and have signed off the forecast as accurate.

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## 1 Forecast Revenue Outturn 2011/12 – Children and Young People

- 1.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Children and Young People's Panel (based on the position as at the end of December 2011) is an underspend against budget of **£0.586m** (net of the use of earmarked reserves). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecast and achievement of approved savings.
- 1.2 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where overspends are predicted, managers are tasked to identify remedial action that can be made within service, and to report as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise any forecast overspends within service, and to manage additional risks as they arise.
- 1.3 The predicted outturn includes currently estimated use of reserves of **£0.691m** and transfer to reserves of **£0.305m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and **£0.110m** of approved carry forwards from previous years.
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.
- 1.5 Within the services associated with the panel there are a number of risks around uncontrollable demand which is estimated at **£0.520m**. At this stage the risks are not certainties and as such are not included in the monitoring as overspends. If the risks become certainties then alternative action will need to be identified or included in monitoring as overspends. A summary of the risk assessment is attached as **Appendix 2**
- 1.6 Included within the directorate budget are approved 2011/12 new investments and savings, as approved by cabinet on 24 February 2011, totalling **£2.100m** and **£3.232m** respectively. The full year effect of previous years' investments and savings included in the budget are **£0.000m** investments and **£0.100m** savings. A full breakdown of these can be found in the 2011/12 Children & Young People's budget book. Any savings that are not able to be achieved in year are required to have alternative savings identified and are managed closely through the services divisional management teams and in liaison with the relevant portfolio holder.

**Table 1 – Forecast Revenue Outturn 2011/12**

<b>Service Area</b>	<b>Annual Budget £'000</b>	<b>Profiled Budget £'000</b>	<b>Year To Date £'000</b>	<b>Variance £'000</b>	<b>Year End Forecast £'000</b>	<b>Year End Variance £'000</b>	<b>Use of reserves £'000</b>	<b>Variance after Reserves/Action Plan/Non essential Spend £'000</b>
Prevention and Targeted Services	3,843	2,913	2,927	14	3.476	(0.367)	0.041	(0.326)
Specialist Services	31,121	23,357	22,545	(812)	31.139	0.018	(0.256)	(0.238)
Education	7,216	5,410	4,785	(625)	7.475	0.259	(0.281)	(0.022)
Budget for monitoring purposes	<b>42,180</b>	<b>31,680</b>	<b>30,257</b>	<b>(1,423)</b>	<b>42.090</b>	<b>(0.090)</b>	<b>(0.496)</b>	<b>(0.586)</b>
Depreciation	8,543	2,136	2,136	0	8,543	0	0	0
IAS 19	1,041	260	260	0	1,041	0	0	0
CSS	3,853	963	963	0	3,853	0	0	0
Office Accommodation	163	41	41	0	163	0	0	0
<b>Total Children &amp; Young People's Revenue</b>	<b>55,779</b>	<b>35,080</b>	<b>33,657</b>	<b>(1,423)</b>	<b>55.689</b>	<b>(0.090)</b>	<b>(0.496)</b>	<b>(0.586)</b>

## 2 Forecast Capital Outturn 2011/12 – Children & Young People

- 2.1 The forecast capital outturn for 2011/12 for the schemes under the remit of this panel (as at the end of September 2011) is predicted to be on budget after slippage requests. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<b><u>Table 2 – Summary of Capital Programme – Quarter 3 2011-12</u></b>					
<b>Service Area</b>	<b>Annual Budget £'000</b>	<b>Year To Date £'000</b>	<b>Year End Forecast £'000</b>	<b>Year End Variance £'000</b>	<b>Slippage £'000</b>
<b>Council Resources</b>					
Specialist services	1,095	65	693	(402)	(402)
Education	9,290	7,191	9,027	(263)	(263)
<b>Total Council Resources</b>	<b>10,385</b>	<b>7,255</b>	<b>9,720</b>	<b>(665)</b>	<b>(665)</b>
<b>Externally Funded</b>					
Prevention and Targeted	1,325	523	1,264	(61)	(61)
Specialist services	142	67	142	0	0
Education	57,448	24,616	33,718	(23,730)	(23,730)
<b>Total Externally Funded</b>	<b>58,915</b>	<b>25,205</b>	<b>35,124</b>	<b>(23,791)</b>	<b>(23,791)</b>
<b>Total Children &amp; young People's Capital</b>	<b>69,300</b>	<b>32,461</b>	<b>44,844</b>	<b>(24,456)</b>	<b>(24,456)</b>

Appendix 1 - Reasons for revenue forecast underspend		
Service	Variance £m	Explanation of Year End Forecast
Prevention and Locality	(0.064)	Underspend relating to two projects funded prior to EIG didn't go ahead in 11-12: Holiday Childcare pilot and an element of the Graduate Leader Fund.
Integrated Young People Support Service (IYPSS)	(0.263)	Accelerated budget reductions secured via implementation of working smarter principles and posts that were held vacant for the majority of the year. £240k contribution to Myplace costs There are also salary underspends of £40k.
Vulnerable Children	0.451	Agency staff covering vacant posts
Corporate Parenting	(0.515)	Reduced numbers of LAC. Lower costs of placements and savings in contact offset by higher adoption costs and investment in the New Operating Model for 11-12.
Safeguarding	(0.160)	4 posts externally funded and some vacant posts.
Combination of smaller variances	(0.035)	Increased support to disabilities packages offset by reduced court costs.
<b>Children and Young People's forecast outturn</b>	<b>(0.586)</b>	

Appendix 2 – Financial Risks					
Potential Risk	Lowest Cost £m	Assessment of Risk	Highest Cost £m	Assessment of Risk	Total Financial Exposure to Risk £m
The number of Looked after Children entering care can vary significantly. The cost of a LAC can vary between 15k and £170k pa. in 08-09 the number of LAC increased by 21, 09-10 by 37 and 10-11 by 11. Although significant work is in place to reduce the LAC numbers there is still a risk of increased costs.	0.000	Medium	0.300	Medium	0.150
Children with disabilities. The possible increase in packages with complex needs	0.000	Low	0.150	High	0.120
External residential. Reduction in joint funding arrangements. There are ongoing discussions relating to some of the joint funding arrangements. If the joint funding is removed this could cost the council up to £230k pa.	0.000	Low	0.500	Medium	0.250
<b>Total Children and Young People's Risks</b>	<b>0.000</b>		<b>0.950</b>		<b>0.520</b>

### Appendix 3 - Summary of 2011/12 Capital Programme

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £	Proposed Slippage to 2012/13 £
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#### **Council Resources**

##### Specialist Services

Eldon House reprovision	1,028,148	64,500	681,388	(346,760)	(346,760)
Integrated children's system	66,812	0	11,342	(55,394)	(55,394)

##### Education

Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	3,121,398	3,436,472	3,121,398	0	
Basic need	3,123,967	3,123,967	3,123,967	0	
Modernisation - all schools	2,170,533	378,204	2,170,533	0	
Schools access initiative	874,047	252,184	611,547	(262,500)	(262,500)

<b>Total Council Resources Capital</b>	<b>10,384,905</b>	<b>7,255,327</b>	<b>9,720,175</b>	<b>(664,654)</b>	<b>(664,654)</b>
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#### **Externally Funded**

##### Prevention and Targeted

Youth capital funding	60,800	0	0	(60,800)	(60,800)
Myplace Young Peoples Centre at Joseph Leckie	1,263,933	522,719	1,263,933	0	

##### Specialist Services

Pathfinder short breaks (Aiming high for disabled children)	142,183	66,884	142,183	(0)	
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##### Education

14-19 diplomas, SEN and disabilities	4,947,304	3,916,603	4,947,304	0	
Academies	32,658,082	10,882,228	16,882,228	(15,775,854)	(15,775,854)
Barr Beacon language college - s106	587,088	686,751	587,088	0	
Basic need	2,650,018	1,103,110	350,000	(2,300,018)	(2,300,018)
Black Country University Technical College (UTC)	1,418,000	1,410,566	1,418,000	0	
Brownhills community technology college	12,171	12,171	12,171	0	
Capital maintenance	4,711,108	2,493,887	3,081,571	(1,629,537)	(1,629,537)
Devolved capital	5,959,380	1,446,512	1,959,380	(4,000,000)	(4,000,000)
Extended services	84,898	1,750	84,898	0	
Joseph Leckie Community College Art Block	180,976	197,151	180,976	0	
Harnessing technology	225,830	209,871	225,830	0	
Primary capital programme	3,845,869	2,180,012	3,845,869	(0)	
School travel plans	128,648	74,488	103,648	(25,000)	(25,000)
Specialist schools - Willenhall sports college	374	0	374	0	
Surestart, early years and child care grants	0	(11,534)	(0)	(0)	
Targeted capital bids fund - Queen Marys grammar	0	(1)	(0)	(0)	
Targeted capital - Short heath schools	38,397	12,205	38,397	0	

<b>Total Externally Funded Capital</b>	<b>58,915,059</b>	<b>25,205,373</b>	<b>35,123,850</b>	<b>(23,791,209)</b>	<b>(23,791,209)</b>
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<b>Total Children and young people's Capital</b>	<b>69,299,964</b>	<b>32,460,700</b>	<b>44,844,025</b>	<b>(24,455,863)</b>	<b>(24,455,863)</b>
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