

**CHILDREN'S SERVICES
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.
6**

DATE: 25 November 2014

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2014/15

Ward(s) All

Portfolio:

Councillor Cassidy – Children's Services and Education

Summary of report

This report summarises the predicted revenue and capital outturn position for 2014/15, based on the performance for quarter 2 (to end of September 2014), for services within the remit of the Children's Services Panel.

Recommendation

To note the 2014/15 forecasted year end financial position for services under the remit of the Children's Services Panel is a net revenue overspend of **£1.737m** after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to show a nil variation.

Background papers

Various financial working papers
2014/15 Budget Book

Reason for scrutiny

To inform the panel of the forecasted financial position for 2014/15 within the remit of this panel.

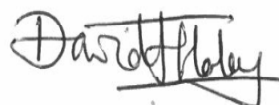
Signed:



PP

CFO: James Walsh

Date: 14 November 2014



Executive Director: David Haley

Date: 12 November 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 2015/16 budget.

Citizen impact

The budget is aligned to service activity within the directorate. The majority of services have a direct impact on citizens.

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 delivery. Managers are required to deliver their services within budget. Corrective action plans are in place, where appropriate and deliverable, 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 2014/15 – Children's Services

- 1.1 The forecast revenue outturn for 2014/15 for the services under the remit of the Children's Services Panel (based on the position as at the end of September 2014) is an overspend against budget of **£1.737m** (net of the use of earmarked reserves and action plan). The outturn shown is based on actual information from the Oracle system and discussions with budget holders regarding year-end forecasts and achievement of approved savings. Children's services are continuing to develop action plans and reduce expenditure to balance the budget across the service. Further details will be produced for future scrutiny reports. The action plan at the end of June identified **£2.898m** of potential action. **£1.119m** of these actions were achieved as at the end of June, **£0.900m** will not be achieved and **£0.879m** still needs to be achieved.
- 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 the 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 the service and to manage additional risks as they arise.
- 1.3 The predicted outturn includes use of reserves of £1.639m and transfer to reserves of £0.m (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance).
- 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 are estimated as **£0.396m**. 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. A summary of the risk assessment is attached as **Appendix 2**.
- 1.6 Included within the directorate budget are approved investments and savings, as approved by Council on 27 February 2014, totalling **£0.513m** and **£5.109m** respectively. A full breakdown of these can be found in the 2014/15 Children and Young People's budget book. Any savings that are not able to be achieved in year are required to have alternatives identified and are managed closely through the services divisional management teams and in liaison with the relevant portfolio holder.
- 1.7 It has been usual for Children's Services capital budget to show an underspend and carry forward in recent years. This is often due to the nature of how schools capital schemes are funded. For simplicity the annual budget is now being aligned to predicted out turn and therefore no underspend is shown. This has no impact on the levels of capital funding to be received by Children's Services.

Table 1– Forecast Revenue Outturn 2014/15

Service Area	Annual Budget £'000	Profiled Budget £'000	Year To Date £'000	Variance £'000	Year End Forecast £'000	Year End Variance £'000	Use of reserves £'000	Variance after Reserves / Action Plan £'000
Access & Achievement	7,861	3,930	11,299	7,369	7,738	(123)	(454)	(577)
Children's Social Care	32,685	16,343	17,661	1,318	36,590	3,905	(412)	3,493
Early Help & Commissioning	8,046	4,023	3,158	(865)	7,640	(406)	(773)	(1,179)
Total for Children and Young People	48,592	24,296	32,118	7,822	51,967	3,376	(1,639)	1,737

2 Forecast Capital Outturn 2014/15 – Children and Young People

- 2.1 The forecast capital outturn for 2014/15 for the schemes under the remit of this panel (as at the end of September 2014) is in line with budget, following re-profiling. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

Table 2 – Summary of Capital Programme – Quarter 2 2014/15				
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000
Council Resources				
Access & Achievement	1,825	404	1,825	0
Children's Social Care	617	0	617	0
Total Council Resources	2,442	404	2,442	0
Externally Funded				
Access & Achievement	10,468	2,823	10,468	0
Children's Social Care	20	0	20	0
Total Externally Funded	10,488	2,823	10,488	0
Total Children and young People's Capital	12,930	3,227	12,930	0

Appendix 1 - Reasons for revenue forecast		
Service	Variance £'000	Explanation of Year End Forecast
Access and Achievement and Early Help and Commissioning Management	(146)	Underspends of (£173k) vacant posts, (£6k) transport, (£36k) supplies and services, (£39k) professional fees, (20k) conference costs and (£27k) private contractor fees offset against overspend on agency/consultants £155k
Corporate Parenting	1,636	The main reason for the overspend in this area is LAC the budget for 14/15 was based on the idea of LAC numbers reducing from 590 to 560 during the financial year and the mix of placements using an increased amount of internal resource, as at the end of September the number of LAC placements were 616, however an action plan is in place to reduce the number and the mix of placements to 591 by March 2015. There are also £377k pressures within Family Placements due to increasing Special Guardianship Orders and costs of 6 agency staff. Transition and Leaving Care have 4 agency staff, increasing costs by £105k in year.
Vulnerable Children	1,582	As at the end of the September there were 52 agency staff within the Initial Response Service and Safeguarding And Family Support teams. Of these 37 cover vacant posts, 2 cover maternity leave, 5 cover secondments, 4 cover Newly Qualified Social Workers (NQSW). There are 4 additional to capacity. There is an action plan in place to reduce the number of agency staff by 8 by November 2014.
Youth Support Services	(292)	(£85k) saving on Teenage Pregnancy and Prospects contracts as budgets set prior to contract negotiation. There is an (£100k) action plan saving to be achieved re Dedicated Schools Grant (DSG) funding of the Admissions Team, and a further (£74k) action plan saving following review of existing commissioning activity. Further underspends of (£17k) within Contracts and Support and (£11k) within Youth Work.
Prevention	(1,032)	(£138k) underspend within the six Children's Centres clusters and childcare. We have also been able to further release the reserve for Children's Centres due to earlier than expected implementation changes (£354k). Within Prevention & Partnerships (£367k) action plan savings have been achieved to date, with further underspends across the Early Years and Family Support teams (£137k). Area Family Support teams are also (£39k) under budget.
Safeguarding	239	Overspend due to agency staff, as at September 2014 there were 4 agency staff. Of these 1 covers a vacant post and 1 covers sickness, with a further 2 additional to capacity.
Education	(285)	(175k) change in utilisation of SEN Grant to fund 3 posts. Further underspends of (£54k) within the Performance & Outcomes team, and (£44k) change to the bad debt provision. (£5k) in year saving due to staffing restructure with the Virtual School.
Specialist Services Mgmt	35	Mainly due to overspends within the management cost centre. This is forecasting to be overspent by £53k on interpretation charges, offset by an action plan to reduce the costs of the workforce development team by £25k.
Forecast outturn	1,737	

Appendix 2 – Financial Risks	Highest Cost £'000	Assessment of Risk	Total Financial Exposure to Risk £'000
Potential Risk			
No reduction in LAC placements and change in mix during 14/15,	462	High	277
No reduction in agency staff during 1415	198	High	119
Total Children and Young People's Risks	660		396

Appendix 3 - Summary of 2014/15 Capital Programme

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £
<u>Council Resources</u>				
<u>Children's Social Care</u>				
Integrated children's system	67	0	67	0
Social IT Systems Review & Enhancement	550	43	550	0
<u>Access & Achievement</u>				
Barcroft - (Elm Street/Albion Road) Targeted capital	190	0	190	0
Rushall Primary/EDC Alterations	1,622	357	1,622	0
Barcroft Primary Toilet Block	9	0	9	0
Barcroft Primary additional classroom	4	4	4	0
Total Council Resources Capital	2,442	404	2,442	0
<u>Externally Funded</u>				
<u>Early Help & Commissioning</u>				
Myplace Young Peoples Centre	37	0	37	0
2 year old capital	667	0	667	0
<u>Children's Social Care</u>				
Pathfinder short breaks (disabled children)	20	0	20	0
<u>Access & Achievement</u>				
14-19 diplomas, SEN and disabilities	117	4	117	0
Academies	1,411	692	1,411	0
Barr Beacon language college - s106	5	1	5	0
Basic need	1,824	86	1,824	0
Black Country University Technical College (UTC) - Phase 2	82	62	82	0
Capital maintenance	4,804	1,841	4,804	0
Devolved capital	900	74	900	0
Universal Infant Free School Meals	591	63	591	0
West Midlands UTC	30	0	30	0
Total Externally Funded Capital	10,488	2,823	10,489	0
Total Children and Young People's Capital				
	12,930	3,227	12,930	0