

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

**Agenda Item
No.**

DATE: 25 February 2014

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2013/14

Ward(s) All

Portfolio:

Councillor R. Andrew – Children and Young People

Summary of report

This report summarises the predicted revenue and capital outturn position for 2013/14, based on the performance for quarter 3 (to end of December 2013), for services within the remit of the Children and Young People's Panel.

Recommendation

To note the 2013/14 forecasted year end financial position for services under the remit of the Children and Young People's Panel is a net revenue overspend of **£2.236m** after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be a net capital underspend of **£8.616m**, 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
2013/14 Budget Book

Reason for scrutiny

To inform the panel of the forecasted financial position for 2013/14 within the remit of this panel.

Signed:



Chief Finance Officer
James T Walsh
Date: 13 February 2014

Interim Executive Director
Rose Collinson
Date: 13 February 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.

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

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

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1 Forecast Revenue Outturn 2013/14 – Children and Young People

- 1.1 The forecast revenue outturn for 2013/14 for the services under the remit of the Children and Young People's Panel (based on the position as at the end of December 2013) is an overspend against budget of **£2.236m** (net of the use of earmarked reserves). 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.
- 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 **£2.130m** and transfer to reserves of **£0.056m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and **£0.248m** 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 are estimated by Children's managers at **£0.749m**. 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 21 February 2013, totalling **£1.171m** and **£2.659m** respectively. A full breakdown of these can be found in the 2013/14 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.

Table 1– Forecast Revenue Outturn 2013/14

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
Prevention and Targeted Services	16,803	12,602	11,091	(1,511)	16,380	(423)	(204)	(627)
Specialist Services	33,825	25,369	27,821	2,452	37,458	3,633	(775)	2,858
Education	1,828	1,371	2,829	1,459	3,176	1,348	(1,343)	5
Total for Children and Young People	52,456	39,342	41,742	2,399	57,014	4,558	(2,322)	2,236

2 Forecast Capital Outturn 2013/14 – Children and Young People

- 2.1 The forecast capital outturn for 2013/14 for the schemes under the remit of this panel (as at the end of December 2013) is underspend against budget **£0.129m** after carry forward requests of **£8.487m**. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.
- 2.2 The underspend and carry forward are planned actions. Three of 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 2 – Summary of Capital Programme – Quarter 3 2013/14					
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000	Proposed Carry Forward to 2014/15 £'000
Council Resources					
Specialist services	601	0	9	(592)	(592)
Education	350	7	220	(129)	0
Total Council Resources	951	7	229	(721)	(592)
Externally Funded					
Prevention and Targeted	543	7	293	(250)	(250)
Specialist services	141	123	141	0	0
Education	26,090	11,909	18,445	(7,645)	(7,645)
Total Externally Funded	26,774	12,039	18,879	(7,895)	(7,895)
Total Children and young People's Capital	27,725	12,045	19,109	(8,616)	(8,487)

Appendix 1 - Reasons for revenue forecast		
Service	Variance £'000	Explanation of Year End Forecast
Children's Management	612	An increase in the number of children whose outcomes need to be secure through court processes has lead to an increase in legal costs, caused by a greater number of court appearances and associated legal expenses, an overspend of c£129k is anticipated, this is offset by the vacant posts of 2 senior members of staff covered within the Intervention budget. The cost of short break placement costs for children with disabilities there are currently around 200 children receiving support and this is creating a projected overspend of £185k. The budget has 10 FTE staff supporting children with disabilities but there are currently 5 FTE permanent staff and 8 agency, this is creating a projected overspend of c£298k. Also includes the cost of the improvement board which is funded by reserve.
Corporate Parenting	1,129	Corporate Parenting has a budget based on 541 LAC but at the end of December there were 610 LAC. This creates extra placement costs of c£0.8m. The main increases have been in internal fostering, placed with parents, and independent living. This is offset by reduced costs on internal residential due to restructure where they have reduced staffing costs which will lead to a projected underspend of c£134k. In addition to this there has also been an increased cost of staff due to use of agency staff. At the end of December there were 6 agency staff, 1 is covering a vacant post with the rest being additional to establishment, this is a significant reduction from the number of agency staff used during the year.
Vulnerable Children	1,072	At the end of December there were 46 agency staff, 18 are covering vacant post, 12 are covering sickness, secondments and maternity, the remaining 16 are additional to establishment
Prevention	(383)	Reduced cost of children centres relating to 12-13 and 13-14. Not all children centres fully utilised their allocation in 2012-13 leading to a one off windfall in this year. There has also been an over achievement in the reduction of the centre allocations in preparation for further reductions in 14-15. Further to this there has been a saving caused by a reduction in spend on Early Years partly due to the new element of the funding now being funded through the Dedicated Schools Grant.
Prevention and targeted management	(261)	5 Senior management posts kept vacant for some or all of the year.
Smaller variances	67	
Forecast outturn	2,236	

Appendix 2 – Financial Risks	Highest Cost £'000	Assessment of Risk	Total Financial Exposure to Risk £'000
Potential Risk			
Failure to swiftly and sustainably improve children's services and deliver the targets and milestones in the improvement notice leads to Secretary of State exercising his power to direct functions of the council.	200	Medium	80
Failure to improve safeguarding services will lead to increased and costly risks to children.	250	Medium	100
Failure to improve services for children and impact of recession and benefit reforms could lead to increased number of looked after children.	125	High	75
Other partner contributions - with the economic downturn and the changes in the organisational structures of health and the police there is the chance that some funding streams are reduced.	420	Low	84
Serco contract exit risk log fails to mitigate identified risks (e.g.education disrupted, workforce turbulence etc.).	125	Medium	50
Accelerated work in enabling the adoption of more looked after children generates additional cost in 2013/14.	38	Medium	15
Inability to recruit social workers resulting in (higher) agency costs.	300	High	180
Schools - reduced funding from government due to money transferred to Academies (Education Services Grant) creates a pressure.	250	Low	50
Schools - traded services - the schools do not purchase enough of the services to make them profitable.	188	Medium	75
Due to demographic factors and improved interventions and services for severely disabled children the numbers of children requiring complex care and support increases.	100	Medium	40
Total Children and Young People's Risks	1,995		749

Appendix 3 - Summary of 2013/14 Capital Programme					
Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £	Proposed Carry Forward to 2014/15 £
<u>Council Resources</u>					
<u>Specialist Services</u>					
Eldon House reprovion	9,002	0	9,002	(0)	0
Integrated children's system	66,813	0	0	(66,813)	(66,813)
Contact services	525,000	0	0	(525,000)	(525,000)
<u>Education</u>					
Barcroft - (Elm Street/Albion Road) Targeted capital	328,167	3,822	198,822	(129,345)	0
Schools access initiative	21,542	2,820	21,542	0	0
Total Council Resources Capital	950,524	6,642	229,366	(721,158)	(591,813)
<u>Externally Funded</u>					
<u>Prevention and Targeted</u>					
Myplace Young Peoples Centre	43,294	6,599	43,294	0	0
2 year old capital	500,000	0	250,000	(250,000)	(250,000)
<u>Specialist Services</u>					
Pathfinder short breaks (disabled children)	141,052	122,997	141,052	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	122,993	4,626	122,993	0	0
Academies	10,387,920	6,262,355	10,387,920	0	0
Barr Beacon language college - s106	5,201	0	5,201	0	0
Basic need	5,634,744	8,746	13,119	(5,621,625)	(5,621,625)
Black Country University Technical College (UTC) - Phase 2	33,327	215	33,327	0	0
Barcroft Primary Toilet Block	122,830	99,103	122,830	0	0
Barcroft Primary additional classroom	275,000	770	275,000	0	0
Capital maintenance	6,858,952	4,802,693	6,539,094	(319,858)	(319,858)
Devolved capital	2,648,940	730,433	945,494	(1,703,446)	(1,703,446)
Total Externally Funded Capital	26,774,253	12,038,538	18,879,325	(7,894,928)	(7,894,929)
Total Children and Young People's Capital					
	27,247,777	12,045,180	19,108,691	(8,616,086)	(8,486,742)