

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

**Agenda Item
No.**

DATE: 26 November 2013

QUARTER 2 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 2 (to end of September 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 **£2.109m** after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be a net capital underspend of **£8.794m**, which reduces to on budget after carry forward requests are taken into account.

Background papers

Various financial working papers.
Quarter 1 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:



Head of Finance: Vicky Buckley
Date: 12 November 2013



Interim Executive Director: Rose Collinson
Date: 13 November 2013

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 September 2013) is an overspend against budget of **£2.109m** (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 **£1.688m** 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 **£0.467m** 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 **£2.996m**. 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	10,696	8,486	10,221	1,735	11,101	405	(761)	(356)
Specialist Services	39,856	19,928	20,965	1,037	42,642	2,786	(546)	2,240
Education	(4,097)	(2,048)	(1,754)	294	(3,080)	1,017	(792)	225
Total for Children and Young People	46,455	26,366	29,432	3,066	50,663	4,208	(2,099)	2,109

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 September 2013) is predicted to be on budget after carry forward requests of **£8.794m**. **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. The three funding streams that are being carried forwards are ring fenced to education and are designed to be used over multiple financial years.

Table 2 – Summary of Capital Programme – Quarter 2 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	1,026	0	1,026	0	0
Education	350	6	350	0	0
Total Council Resources	1,376	6	1,376	0	0
Externally Funded					
Prevention and Targeted	543	6	543	0	0
Specialist services	141	93	141	0	0
Education	25,815	8,902	17,021	(8,794)	(8,794)
Total Externally Funded	26,499	9,001	17,705	(8,794)	(8,794)
Total Children and young People's Capital	27,875	9,007	19,081	(8,794)	(8,794)

Appendix 1 - Reasons for revenue forecast underspend		
Service	Variance £'000	Explanation of Year End Forecast
Children's Management	311	Increased looked after children 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. The budget has 10 FTE staff supporting children with disabilities but currently there are 7 FTE permanent staff and 6 agency staff, this is creating a projected overspend of c£211k.
Corporate Parenting	1,241	Corporate Parenting has a budget based on 541 LAC but at the end of September there were 605 LAC. This creates extra placement costs of c£1.0m. The main increases have been in internal, placed with parents, and external foster places. 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 September there were 9 agency staff, 1 was covering a vacancy and the remaining 8 were additional to establishment
Vulnerable Children	689	Use of 60 agency staff at points during the year (some forecast for only part year). At the end of September there were 48 agency staff, 20 are covering vacant post, 10 are covering sickness and maternity, the remaining 18 are additional to establishment
Education	225	Items previously funded by the Dedicated Schools Grant (DSG) that are no longer allowable from 1 April 2013. It is expected that this pressure will be managed through the integration of the Serco contract.
Prevention	(426)	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.
Safeguarding	72	
Smaller variances	(3)	
Forecast outturn	2,109	

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.	400	Low	80
Failure to improve safeguarding services will lead to increased and costly risks to children.	500	Medium	200
Failure to improve services for children and impact of recession and benefit reforms could lead to increased number of looked after children.	250	High	150
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.	840	Low	168
Serco contract exit risk log fails to mitigate identified risks (e.g.education disrupted, workforce turbulence etc.).	200	Low	80
Accelerated work in enabling the adoption of more looked after children generates additional cost in 2013/14.	50	Low	10
Inability to recruit social workers resulting in (higher) agency costs.	300	Medium	120
Schools - reduced funding from government due to money transferred to Academies (Education Services Grant) creates a pressure.	200	Medium	80
Schools - traded services - the schools do not purchase enough of the services to make them profitable.	100	Medium	40
Due to demographic factors and improved interventions and services for severely disabled children the numbers of children requiring complex care and support increases.	200	Medium	80
Total Children and Young People's Risks	7,980		1,008

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	66,813	0	0
Contact services	950,000	0	950,000	0	0
<u>Education</u>					
Barcroft - (Elm Street/Albion Road) Targeted capital	328,167	3,822	328,167	0	0
Schools access initiative	21,542	2,820	21,542	0	0
Total Council Resources Capital	1,375,524	6,642	1,375,524	0	0
<u>Externally Funded</u>					
<u>Prevention and Targeted</u>					
Myplace Young Peoples Centre at Joseph Leckie	43,294	5,969	43,294	0	0
2 year old capital	500,000	0	500,000	0	0
<u>Specialist Services</u>					
Pathfinder short breaks (disabled children)	141,052	92,859	141,052	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	122,993	1,626	122,993	0	0
Academies	10,387,920	5,124,052	10,387,920	0	0
Barr Beacon language college - s106	5,201	0	5,201	0	0
Basic need	5,634,744	264	2,063,136	(3,571,608)	(3,571,608)
Black Country University Technical College (UTC) - Phase 2	33,327	215	33,327	0	0
Barcroft Primary Toilet Block	122,830	41,618	122,830	0	0
Capital maintenance	6,858,952	3,253,232	3,356,614	(3,502,338)	(3,502,338)
Devolved capital	2,648,940	480,817	929,100	(1,719,840)	(1,719,840)
Total Externally Funded Capital	26,499,253	9,000,652	17,705,467	(8,793,786)	(8,793,786)
Total Children and Young People's Capital	27,874,777	9,007,294	19,080,991	(8,793,786)	(8,793,786)