

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

**Agenda Item  
No. 8**

**DATE:** 13 September 2012

**QUARTER 1 FINANCIAL MONITORING POSITION FOR 2012/13**

**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 2012/13, based on the performance for quarter 1 (to end of June 2012), for services within the remit of the Children and Young People's Panel.

**Recommendation**

To note the 2012/13 forecasted year end financial position for services under the remit of the Children and Young People's Panel is a net revenue underspend of **£0.022m** after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be on budget after carry forward requests are taken into account.

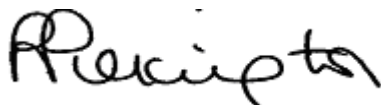
**Background papers**

Various financial working papers.  
2012/13 Budget Books.

**Reason for scrutiny**

To inform the panel of the forecasted financial position for 2012/13 within the remit of this panel.

**Signed:**



**Executive Director:** Pauline Pilkington

**Date:** 24th August 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 year or as part of the 2013/14 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 2012/13 – Children and Young People

- 1.1 The forecast revenue outturn for 2012/13 for the services under the remit of the Children and Young People's Panel (based on the position as at the end of June 2012) is an underspend against budget of **£0.022m** (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 service and to manage additional risks as they arise.
- 1.3 The predicted outturn includes use of reserves of **£0.578m** and transfer to reserves of **£0.064m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and **£0.674m** 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 Table 1 includes a line for IAS19, International accounting standard nineteen, which is an accounting entry to show the in year effect in relation to employee benefits and in particular the pension scheme. The budget and spend is allocated to the service to give a true cost of the service for benchmarking but is removed from the budget for monitoring purposes as it is not within the direct control of the budget holder.
- 1.6 Within the services associated with the panel there are a number of risks around uncontrollable demand which is estimated at **£0.540m**. 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**.
- 1.7 Included within the directorate budget are approved investments and savings, as approved by Council on 23 February 2012, totalling **£0.485m** and **£1.494m** respectively. A full breakdown of these can be found in the 2012/13 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 2012/13**

<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 £'000</b>
Prevention and Targeted Services	3,893	973	1,324	351	4,520	627	(653)	(26)
Specialist Services	30,944	7,736	7,623	(113)	31,520	576	(572)	4
Education	8,393	2,098	(1,347)	(3,445)	8,355	(38)	38	0
<b>Budget for monitoring purposes</b>	<b>43,230</b>	<b>10,807</b>	<b>7,600</b>	<b>3,207</b>	<b>44,395</b>	<b>1,165</b>	<b>(1,187)</b>	<b>(22)</b>
Depreciation	8,543	2,113	2,113	0	8,543	0	0	0
IAS19	1,041	260	260	0	1,041	0	0	0
Central Support Services	3,802	951	951	0	3,802	0	0	0
Office Accommodation	163	41	41	0	163	0	0	0
<b>Total Children and Young People's Revenue</b>	<b>55,779</b>	<b>14,172</b>	<b>10,965</b>	<b>3,207</b>	<b>57,944</b>	<b>1,165</b>	<b>(1,187)</b>	<b>(22)</b>

## 2 Forecast Capital Outturn 2012/13 – Children and Young People

- 2.1 The forecast capital outturn for 2012/13 for the schemes under the remit of this panel (as at the end of June 2012) is predicted to be on budget after carry forward requests. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<b>Table 2 – Summary of Capital Programme – Quarter 1 2012/13</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>Proposed Carry Forward to 2013/14 £'000</b>
<b>Council Resources</b>					
Specialist services	1,961	247	1,961	0	0
Education	580	128	580	0	0
<b>Total Council Resources</b>	<b>2,541</b>	<b>375</b>	<b>2,541</b>	<b>0</b>	<b>0</b>
<b>Externally Funded</b>					
Prevention and Targeted	233	161	233	0	0
Specialist services	142	0	142	0	0
Education	42,822	4,662	26,671	16,151	(16,151)
<b>Total Externally Funded</b>	<b>43,197</b>	<b>4,823</b>	<b>27,046</b>	<b>16,151</b>	<b>(16,151)</b>
<b>Total Children and young People's Capital</b>	<b>45,738</b>	<b>5,198</b>	<b>29,587</b>	<b>16,151</b>	<b>(16,151)</b>

<b>Appendix 1 - Reasons for revenue forecast underspend</b>		
<b>Service</b>	<b>Variance £m</b>	<b>Explanation of Year End Forecast</b>
Children's management	0.433	Additional use of 10 agency staff to improve service. Children with disabilities packages are also more expensive than budgeted
Corporate parenting	(0.530)	Internal residential redesign and lower looked after children numbers. Looked after children numbers are forecast at being 510 with a greater proportion in low cost placements.
Integrated young people support services	(0.052)	Part year effect of vacant posts, recruitment is in hand.
Vulnerable children	0.142	Additional use of agency, 12 covering vacant post and 2 covering maternity.
Combination of smaller variances	(0.015)	
<b>Children and Young People's forecast outturn</b>	<b>(0.022)</b>	

<b>Appendix 2 – Financial Risks</b>					
<b>Potential Risk</b>	<b>Lowest Cost £m</b>	<b>Assessment of Risk</b>	<b>Highest Cost £m</b>	<b>Assessment of Risk</b>	<b>Total Financial Exposure to Risk £m</b>
The number of looked after children (LAC) entering care can vary significantly. The cost of a LAC can vary between £15k and £170k per year. Although significant work is in place to reduce the looked after children numbers there is still a risk of increased costs.	0.000	<b>Medium</b>	0.300	<b>Medium</b>	0.150
Children with disabilities. The possible increase in packages for children with complex needs	0.000	<b>Low</b>	0.150	<b>High</b>	0.120
External residential placements. Reduction in joint funding arrangements. There are ongoing discussions relating to some of the joint funding arrangements with education and health. If the joint funding is removed this could cost the council up to £230k per year per child.	0.000	<b>Low</b>	0.500	<b>Medium</b>	0.250
Changes to status and funding arrangements for young offenders placed on remand. A projected pressure of £20k in 2012/13 and further pressures with further changes expected in 2013/14.	0.000	<b>Low</b>	0.040	<b>Medium</b>	0.020
<b>Total Children and Young People's Risks</b>	<b>0.000</b>		<b>0.990</b>		<b>0.540</b>

**Appendix 3 - Summary of 2012/13 Capital Programme**

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £	Proposed Carry Forward to 2013/14 £
<b><u>Council Resources</u></b>					
<u>Specialist Services</u>					
Contact Services	925,000	0	925,000	0	0
IT investment in mobile working	79,000	0	79,000	0	0
Eldon House reprovision	890,636	246,939	890,636	0	0
Integrated children's system	66,812	0	66,812	0	0
<u>Education</u>					
Barcroft - (Elm Street/Albion Road) Targeted capital – WMBC	401,235	4,038	401,235	0	0
Schools access initiative	179,185	123,987	179,185	0	0
<b>Total Council Resources Capital</b>	<b>2,541,868</b>	<b>374,964</b>	<b>2,541,868</b>	<b>0</b>	<b>0</b>
<b><u>Externally Funded</u></b>					
<u>Prevention and Targeted</u>					
Youth capital funding	60,800	0	60,800	0	0
Myplace Young Peoples Centre at Joseph Leckie	172,063	160,969	172,062	0	0
<u>Specialist Services</u>					
Pathfinder short breaks (Aiming high for disabled children)	142,183	0	142,183	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	483,896	183,997	483,896	0	0
Academies	26,681,192	4,188,617	16,106,192	10,575,000	(10,575,000)
Barr Beacon language college - s106	36,769	7,859	36,769	0	0
Basic need	4,673,752	14,803	2,576,131	2,097,621	(2,097,621)
Black Country University Technical College (UTC) Phase one Building Works & ICT	89,587	0	89,587	0	0
Capital maintenance	7,167,388	272,725	5,167,388	2,000,000	(2,000,000)
Devolved capital	3,649,299	0	2,170,798	1,478,502	(1,478,502)
School travel plans	40,208	0	40,208	0	0
Surestart, early years and child care grants	0	(6,477)	0	0	0
<b>Total Externally Funded Capital</b>	<b>43,197,138</b>	<b>4,822,492</b>	<b>27,046,014</b>	<b>16,151,123</b>	<b>(16,151,123)</b>
<b>Total Children and Young People's Capital</b>	<b>45,739,006</b>	<b>5,197,456</b>	<b>29,587,882</b>	<b>16,151,123</b>	<b>(16,151,123)</b>