

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

**Agenda Item
No. 10**

DATE: 13 December 2011

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2011/12

Ward(s) All

Portfolio:

Councillor 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 2 (to end of September 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 **£0.237m**, after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be on budget after slippage.

Background papers

Various financial working papers.
Quarter 1 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: 17 November 2011

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 September 2011) is an underspend against budget of **£0.237m** (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 **£0.640m** and transfer to reserves of **£0.065m** (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

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/Non essential Spend £'000
Prevention and Targeted Services	3,875	1,937	1,872	(65)	3,948	73	(187)	(114)
Specialist Services	31,082	15,540	15,030	(510)	31,216	134	(244)	(110)
Education	7,157	3,578	3,549	(29)	7,398	241	(254)	(13)
Budget for monitoring purposes	42,114	21,055	20,451	(604)	42,562	448	(685)	(237)
Depreciation	8,543	4,271	4,271	-	8,543	-	-	-
IAS 19	1,041	520	520	-	1,041	-	-	-
CSS	4,084	2,042	2,042	-	4,084	-	-	-
Office Accommodation	163	82	82	-	163	-	-	-
Total Children & Young People's Revenue	55,945	27,970	27,366	(604)	56,393	448	(685)	(237)

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**.

Table 2 – Summary of Capital Programme – Quarter 2 2011-12					
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000	Slippage £'000
Council Resources					
Specialist services	1,095	10	800	295	(295)
Education	9,290	6,577	9,036	254	(254)
Total Council Resources	10,385	6,587	9,836	549	(549)
Externally Funded					
Prevention and Targeted	1,325	7	1,325	0	0
Specialist services	142	0	142	0	0
Education	57,448	15,880	39,866	17,582	(17,582)
Total Externally Funded	58,915	15,887	41,333	17,582	(17,582)
Total Children & young People's Capital	69,300	22,474	51,170	18,130	(18,130)

Appendix 1 - Reasons for revenue forecast underspend

Service	Variance £m	Explanation of Year End Forecast
Integrated Young People Support Service	(0.110)	Accelerated budget reductions secured via implementation of working smarter principles
Vulnerable Children	0.474	Agency staff covering vacant posts
Corporate Parenting	(0.446)	Reduced numbers of LAC. Lower costs of placements and savings in contact offset by higher adoption costs.
Safeguarding	(0.148)	4 posts externally funded
Specialist Management	0.010	Increased support to disabilities packages offset by reduced court costs.
Combination of smaller variances	0.017	
Children and Young People's forecast outturn	(0.237)	

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
Total Children and Young People's Risks	0.000		0.950		0.520

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	9,901	773,586	254,562	(254,562)
Integrated children's system	66,812	0	26,725	40,087	(40,087)

Education

Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	3,121,398	2,964,743	3,121,398	0	(0)
Basic need	3,123,967	3,123,967	3,123,967	0	(0)
Modernisation - all schools	2,170,533	296,510	1,946,659	223,874	(223,874)
Schools access initiative	874,047	191,471	844,030	30,017	(30,017)

Total Council Resources Capital	10,384,906	6,586,592	9,836,366	548,540	(548,540)
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Externally Funded

Prevention and Targeted

Youth capital funding	60,800	0	60,800	0	(0)
Myplace Young Peoples Centre at Joseph Leckie	1,263,933	6,850	1,263,933	0	(0)

Specialist Services

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

14-19 diplomas, SEN and disabilities	4,947,304	2,567,325	4,947,304	0	(0)
Academies	32,658,082	7,398,006	22,971,337	9,686,745	(9,686,745)
Barr Beacon language college - s106	587,088	398,844	587,088	0	(0)
Black Country University Technical College (UTC) Phase one Building Works & ICT	1,418,000	869,060	1,418,000	0	(0)
Brownhills community technology college	12,171	12,171	12,171	0	(0)
Extended services	84,898	1,750	84,898	0	(0)
Surestart, early years and child care grants	0	(14,031)	0	0	(0)
Targeted capital bids fund - Queen Marys grammar	0	(49,965)	0	0	(0)
Joseph Leckie Community Technology College Art Block Upgrade	180,976	151,148	180,976	0	(0)
Harnessing technology	225,830	199,254	225,830	0	(0)
Primary capital programme	3,845,869	1,594,270	3,845,869	0	(0)
School travel plans	128,648	59,498	103,648	25,000	(25,000)
Specialist schools - Willenhall sports college	374	0	374	0	(0)
Targeted capital - Short heath schools	38,397	9,625	38,397	0	(0)
Basic need	2,650,018	942,034	350,000	2,300,018	(2,300,018)
Capital maintenance	4,711,108	977,457	3,141,076	1,570,032	(1,570,032)
Devolved capital	5,959,380	763,842	1,959,380	4,000,000	(4,000,000)

Total Externally Funded Capital	58,915,058	15,887,135	41,333,263	17,581,795	(17,581,795)
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Total Children and young people's Capital	69,299,964	22,473,727	51,169,629	18,130,335	(18,130,335)
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