

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

**Agenda Item  
No. 7**

**DATE: 24<sup>th</sup> February 2015**

**QUARTER 3 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 3 (to end of December 2014), for services within the remit of the Children's Services Scrutiny and Performance Panel.

**Recommendation**

To note that the draft 2014/15 year end financial position for the Children's Services Directorate is an overspend of £2.405m against net controllable budget. This forecast is after the use of £1.733m earmarked reserves. The key underlying pressures contributing to this overspend are the number of looked after children within Corporate Parenting services and the number of agency staff employed across social care to support vacancies.

The total Capital programme is £12.930m. An underspend of £0.027m is forecast of which £0.027m will be requested to be carried forward for 2015/16.

**Background papers**

Various financial working papers  
2014/15 Budget Book on Council's Internet and Intranet

**Reason for scrutiny**

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

**Resource and legal considerations**

The accounts were monitored and reported on as part of the budget guidelines and all entries into the final accounts have been undertaken in line with the required accounting guidance and standards.

## **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. 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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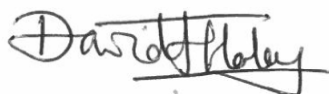
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CFO: James Walsh  
Date:



Executive Director: David Haley  
Date:

- 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 December 2014) is an overspend against budget of **£2.405m** after the use of earmarked reserves and mitigating action. The outturn position presented 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 predicted outturn includes use of reserves of **£1.733m**. (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance).
- 1.3 In June 2014, Children Services implemented an action plan to partially mitigate the projected directorate overspend, which at the time was a forecast of **£2.898m**. As at the end of December, **£1.370m** of this plan had been delivered, with a remaining **£0.129m** identified as deliverable and included within the forecast position detailed above. **£1.399m** of the original action plan has now been deemed as unachievable with no viable alternatives identified. It should be noted that without the corrective action that has been taken, Children’s services would currently be forecasting a net overspend of **£3.904m**.
- 1.4 During December, a potential further action plan item relating to use of grant funding totalling **£0.341m** for 2014/15 was put forward. Cabinet have agreed this use of funding and as such the receipt of these monies has now been included within the forecast position. Further work is being undertaken aimed at reducing key pressures around Looked After Children and agency staff dependency going forward, however this is unlikely to significantly reduce the current forecast overspend position within this financial year. For the remaining services, 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.
- 1.5 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.
- 1.6 Within the services associated with the panel there are a number of risks around uncontrollable demand which are estimated at **£0.33m**. 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 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.

**Table 1 - Forecast Revenue Outturn 2014/15 at Service Level**

<b>Service</b>	<b>Annual Budget £m</b>	<b>Profiled Budget £m</b>	<b>Actual to Date £m</b>	<b>Variance to Profiled Budget £m</b>	<b>Year End Forecast £m</b>	<b>Year End Variance before Reserves £m</b>	<b>Use of Reserves £m</b>	<b>Transfer to Reserves £m</b>	<b>Action Plan £m</b>	<b>Overall Net Variance £m</b>
<b>Access &amp; Achievement</b>										
Education (inc Schools)	(2.479)	(1.588)	(18.689)	(17.101)	(2.235)	0.244	(0.243)	0.000	0.000	0.001
Education Management & Support	6.664	4.998	4.173	(0.825)	6.390	(0.274)	(0.005)	0.000	(0.032)	(0.311)
Access & Achievement Management	0.818	0.613	0.587	(0.026)	0.692	(0.126)	0.000	0.000	0.000	(0.126)
Youth Support Services	4.957	3.719	3.316	(0.403)	5.005	0.048	(0.255)	0.000	0.000	(0.207)
<b>Total Access &amp; Achievement</b>	<b>9.960</b>	<b>7.742</b>	<b>(10.613)</b>	<b>(18.355)</b>	<b>9.852</b>	<b>(0.108)</b>	<b>(0.503)</b>	<b>0.000</b>	<b>(0.032)</b>	<b>(0.643)</b>
<b>Childrens Social Care</b>										
Childrens Social Care Management	1.180	0.885	1.147	0.262	1.724	0.544	(0.456)	0.000	0.000	0.088
Children with Disabilities	2.316	1.737	1.824	0.087	2.366	0.050	0.000	0.000	0.000	0.050
Corporate Parenting Mgmt	0.188	0.141	0.148	0.007	0.127	(0.061)	0.000	0.000	0.000	(0.061)
Family Placements	3.288	2.466	2.688	0.222	3.877	0.589	0.000	0.000	0.000	0.589
Internal Residential	3.709	2.783	2.536	(0.247)	3.661	(0.048)	0.000	0.000	0.000	(0.048)
LAC	13.810	10.356	11.079	0.723	15.813	2.003	0.000	0.000	(0.065)	1.938
TLC	1.110	0.833	1.008	0.175	1.177	0.067	0.000	0.000	0.000	0.067
Safeguarding	1.962	1.472	1.563	0.091	2.232	0.270	0.000	0.000	(0.032)	0.238
Vulnerable Children	5.575	4.181	5.875	1.694	7.171	1.596	0.000	0.000	0.000	1.596
<b>Total Childrens Social Care</b>	<b>33.138</b>	<b>24.854</b>	<b>27.868</b>	<b>3.014</b>	<b>38.148</b>	<b>5.010</b>	<b>(0.456)</b>	<b>0.000</b>	<b>(0.097)</b>	<b>4.457</b>
<b>Early Help &amp; Commissioning</b>										
Prevention and Partnerships	1.511	1.133	0.481	(0.652)	1.123	(0.388)	(0.342)	0.000	0.000	(0.730)
Childrens Centres	5.311	3.983	3.133	(0.850)	5.063	(0.248)	(0.432)	0.000	0.000	(0.680)
Commissioning	0.358	0.268	0.009	(0.259)	0.359	0.001	0.000	0.000	0.000	0.001
<b>Total Early Help &amp; Commissioning</b>	<b>7.180</b>	<b>5.384</b>	<b>3.623</b>	<b>(1.761)</b>	<b>6.545</b>	<b>(0.635)</b>	<b>(0.774)</b>	<b>0.000</b>	<b>0.000</b>	<b>(1.409)</b>
<b>Total Childrens Services</b>	<b>50.278</b>	<b>37.980</b>	<b>20.878</b>	<b>(17.102)</b>	<b>54.545</b>	<b>4.267</b>	<b>(1.733)</b>	<b>0.000</b>	<b>(0.129)</b>	<b>2.405</b>

## 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 December 2014) is an under spend against budget of **£0.027m** of which there are carry forward requests totalling **£0.027m**. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

2.2 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 outturn and therefore only one minor underspend is shown. This has no impact on the levels of capital funding to be received by Children's Services.

<b>Table 2 – Summary of Capital Programme – Quarter 3 2014/15</b>					
<b>Service Area</b>	<b>Annual Budget £m</b>	<b>Year To Date £m</b>	<b>Year End Forecast £m</b>	<b>Year End Variance £m</b>	<b>Proposed Carry Forward to 2015/16 £m</b>
<b>Council Resources</b>					
Access & Achievement	1.825	0.544	1.825	0.000	0.000
Children's Social Care	0.617	0.043	0.617	0.000	0.000
<b>Total Council Resources</b>	<b>2.442</b>	<b>0.404</b>	<b>2.442</b>	<b>0.000</b>	<b>0.000</b>
<b>Externally Funded</b>					
Access & Achievement	10.468	4.495	10.441	(0.027)	0.000
Children's Social Care	0.020	0.000	0.020	0.000	0.000
<b>Total Externally Funded</b>	<b>10.488</b>	<b>4.495</b>	<b>10.488</b>	<b>(0.027)</b>	<b>0.000</b>
<b>Total Children and young People's Capital</b>	<b>12.930</b>	<b>4.899</b>	<b>12.903</b>	<b>(0.027)</b>	<b>0.000</b>

**Appendix 1 – Reasons for revenue forecast variance**

<b>Service</b>	<b>Forecast Variance (£m)</b>	<b>Explanation of Year End Forecast</b>
Education	0.001	Variance prior to use of reserves £0.244m. Use of corporate redundancy reserve (£0.172m) and pupil premium reserve (£0.071m).
Education Management & Support	(0.311)	Variance after action plan and prior to use of reserves (0.306m). Use of corporate redundancy reserve (£0.005m). Net underspend after use of reserves (£0.311m) which is made up of the following; (£0.174m) underspend against SEN Assessment salaries due to utilisation of SEN Reform Grant. Balance of unspent SEND New Burdens (£0.078m). (£0.070m) additional traded income within Information Services. Salary overspend within Quality & Information team £0.016m.
Access & Achievement Management	(0.126)	There is large value of non staffing budgets, that remain unutilised, (£0.124m) under spent against budget. The budgets are part of the savings proposals for 2015/16.
Youth Support Services	(0.207)	Variance after action plan and before use of reserves is £0.048m. Use of reserves to fund; My Place (£0.116m), Targeted Youth Support (£0.125m) and Corporate redundancies (£0.014m) activities. Underspend after use of reserves of (£0.207m), which is made up of (£0.095m) underspend on Prospects and Teenage Pregnancy reduction as budgets were set prior to contract negotiation. (£0.060m) action plan savings now achieved, plus (£0.052m) salary savings across YSS teams.
Children's Social Care Management	0.088	Variance before use of reserves is £0.544m. Reserves used for Workforce Development team (£0.233m) and to cover costs of interim management appointments (£0.223m). Overspend after use of reserves of £0.088m, which is made up of £0.050m overspend forecast on interpretation charges and use of agency staff of £0.038m.

Service	Forecast Variance (£m)	Explanation of Year End Forecast
Children with Disabilities	0.050	The Children with Disabilities Social Work team have had and continue to have a number of agency staff covering vacant, maternity and additional posts. These costs are offset in part by underspends on care / short breaks packages, particularly within direct payments.
Corporate Parenting Management	(0.061)	No plans are currently in place to utilise the Housing Extension budget (£0.055m), Carers Grant (£0.032m) and WNF Monitoring Support budget (£0.018m). The latter two will be offered up as corporate savings in 2015/16. Underspends offset by 4 months of Head of Service costs of £44k, where budget was deleted as 2014/15 saving.
Family Placements	0.589	Within Family Placements there are further pressures due to increased numbers and demand for; Special Guardianship & Residence orders - £0.254m, increased adoption activity- £0.180m & Independent Assessments - £0.042m. Also £0.113 costs associated with 8 agency staff, some which are grant funded.
Internal Residential	(0.048)	A number of vacant posts across all the homes forecasting under spends for the year.
Looked After Children	1.938	LAC placements - £1.938m with placement numbers as at 31/12/14 being 616.
Transition & Leaving Care	0.067	As at December the service is employing 2 agency staff; 1 PA vacancy and 1 additional Social Worker.
Safeguarding	0.238	4 agency staff in post - 1 covering vacant post, 1 covering sickness and 2 x agency IROs additional to establishment, forecasting costs for 46 weeks of the 2014/15 financial year
Vulnerable Children	1.596	As at December 42 agency staff within IRS and SAFS team. Approx 30 covering vacant posts, 2 maternity leave, 7 secondments, 3 newly qualified Social Workers. Net of salary under spends forecasting c£1.596m pressure. An action plan was in place to reduce 8 additional workers by Nov 14, all 8 now delivered to date.

Service	Forecast Variance (£m)	Explanation of Year End Forecast
Prevention & Partnerships	(0.730)	<p>Variance prior to use of reserves is (£0.388m). Reserves used to fund the following; Troubled Families (£0.073m), Early Intervention (£0.226m) and corporate funded redundancies (£0.043).</p> <p>Underspend after use of reserves of (£0.730m), which is made up of Early Help - (£0.367m) action plan savings achieved year to date, (£0.191m) further Troubled families grant income received Other, mainly staffing underspends in Early Help (£0.031m), Early Years (£0.096). and Area Family Support Teams (£0.045)</p>
Childrens Centres	(0.680)	<p>Prior to use of reserves variance is (0.248m), reserves have then been utilised for corporate funded redundancies (£0.079) and Early Intervention Grant activities (£0.353)</p> <p>Underspend after use of reserves of (£0.680m), which is made up of Children's Centres – Under spends within the six children's centre clusters (0.326m). Additionally the further release of reserve for children centres due to earlier than expected implementation changes (£0.354m).</p>
Commissioning	0.001	
<b>Total</b>	<b>2.405</b>	



<b>Appendix 2 – Summary of financial risk analysis</b>			
<b>Potential Risk</b>	<b>Highest Cost (£m)</b>	<b>Assessment of Risk</b>	<b>Total estimated exposure (£m)</b>
Non achievement of LAC action plan, to reduce placements by 15	0.055	High	0.033
<b>Total Children's Portfolio</b>	<b>0.055</b>		<b>0.033</b>

<b>Appendix 3 - Capital Programme Position</b>									
<b>Scheme name</b>	<b>Scheme name</b>	<b>RAG</b>	<b>Annual Budget (£m)</b>	<b>Actual to Date (£m)</b>	<b>Year End Forecast (£m)</b>	<b>Variance before Carry Forward (£m)</b>	<b>Carry Forward to 2015-16 (£m)</b>	<b>Year End Variance (£m)</b>	<b>Explanation of Forecast Position where Material Variance</b>
Mainstream	Barcroft Primary additional classroom	Green	0.004	0.004	0.004	0.000	0.000	0.000	
Mainstream	Barcroft Primary Toilet Block	Green	0.009	0.000	0.009	0.000	0.000	0.000	
Mainstream	Rushall Primary/EDC alterations	Green	1.622	0.529	1.622	0.000	0.000	0.000	
Mainstream	Targeted Capital bids - Barcroft	Green	0.191	0.011	0.191	0.000	0.000	0.000	
Mainstream	Integrated childrens system	Green	0.067	0	0.067	0.000	0.000	0.000	
Mainstream	Social IT Systems Review & Enhancement	Green	0.550	0.043	0.550	0.000	0.000	0.000	
Externally Funded – DCSF	Pathfinder short breaks	Green	0.020	0.000	0.020	0.000	0.000	0.000	

<b>Scheme name</b>	<b>Scheme name</b>	<b>RAG</b>	<b>Annual Budget (£m)</b>	<b>Actual to Date (£m)</b>	<b>Year End Forecast (£m)</b>	<b>Variance before Carry Forward (£m)</b>	<b>Carry Forward to 2015-16 (£m)</b>	<b>Year End Variance (£m)</b>	<b>Explanation of Forecast Position where Material Variance</b>
Externally Funded - EFA	14-19 diplomas, SEN and disabilities	Green	0.118	0.008	0.118	0.000	0.000	0.000	
Externally Funded - EFA	Academies	Green	1.410	0.738	1.410	0.000	0.000	0.000	
Externally Funded - S106	Barr Beacon language college s106	Green	0.005	0.001	0.005	0.000	0.000	0.000	
Externally Funded - EFA	Basic need	Green	1.853	0.139	1.853	0.000	0.000	0.000	
Externally Funded - EFA	Black Country University Technical College (UTC)	Green	0.082	0.070	0.082	0.000	0.000	0.000	
Externally Funded - EFA	Capital maintenance	Green	4.804	2.458	4.804	0.000	0.000	0.000	
Externally Funded - EFA	Devolved formula capital	Green	0.870	0.215	0.870	0.000	0.000	0.000	
Externally Funded – EFA	Two year old capital funding	Green	0.667	0.249	0.667	0.000	0.000	0.000	

<b>Scheme name</b>	<b>Scheme name</b>	<b>RAG</b>	<b>Annual Budget (£m)</b>	<b>Actual to Date (£m)</b>	<b>Year End Forecast (£m)</b>	<b>Variance before Carry Forward (£m)</b>	<b>Carry Forward to 2015-16 (£m)</b>	<b>Year End Variance (£m)</b>	<b>Explanation of Forecast Position where Material Variance</b>
Externally Funded - EFA	Universal infant free school meals	Amber	0.591	0.385	0.577	(0.014)	(0.014)	0.000	Carry forward of current unallocated balance
Externally Funded - EFA	West Midlands UTC	Green	0.030	0.030	0.030	0.000	0.000	0.000	
Externally Funded - YJB	Youth capital funding	Amber	0.037	0.019	0.024	(0.013)	(0.013)	0.000	Carried fwd due to delay in securing additional funding required
<b>Total</b>	<b>Total</b>		<b>12.930</b>	<b>4.899</b>	<b>12.903</b>	<b>(0.027)</b>	<b>(0.027)</b>	<b>0.000</b>	