

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

**Agenda Item  
No. 9**

**DATE:** 26 November 2012

**QUARTER 2 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 2 (to end of September 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 overspend of **£0.427m** after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be a net capital underspend of **£0.005m** after carry forward requests are taken into account.

**Background papers**

Quarter 1 Financial monitoring position for 2012/13  
Various financial working papers.  
2012/13 Budget Book.

**Reason for scrutiny**

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

**Signed:**



**Chief Finance Officer:** James T Walsh

**Executive Director:** Rose Collinson

**Date:** 8 November 2012

**Date:** 9 November 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 September 2012) is an overspend against budget of **£0.427m** (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 **£1.098m** and transfer to reserves of **£0.059m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and **£0.632m** 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 **£0.520m**. 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. 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 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	4,116	2,057	2,372	314	4,620	503	(608)	(105)
Specialist Services	30,994	15,499	15,961	461	32,151	1,158	(603)	555
Education	8,062	4,031	4,828	797	8,271	208	(232)	(24)
<b>Budget for monitoring purposes</b>	<b>43,172</b>	<b>21,588</b>	<b>23,161</b>	<b>1,573</b>	<b>45,042</b>	<b>1,870</b>	<b>(1,443)</b>	<b>427</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 September 2012) is predicted to be an underspend against the budget after carry forward requests of **£0.005m**. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<b>Table 2 – Summary of Capital Programme – Quarter 2 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	627	1,036	(925)	(925)
Education	580	150	580	0	0
<b>Total Council Resources</b>	<b>2,542</b>	<b>777</b>	<b>1,617</b>	<b>(925)</b>	<b>(925)</b>
<b>Externally Funded</b>					
Prevention and Targeted	233	177	233	0	0
Specialist services	142	0	142	0	0
Education	42,822	11,074	26,644	(16,178)	(16,173)
<b>Total Externally Funded</b>	<b>43,197</b>	<b>11,251</b>	<b>27,019</b>	<b>(16,178)</b>	<b>(16,173)</b>
<b>Total Children and young People's Capital</b>	<b>45,739</b>	<b>12,028</b>	<b>28,636</b>	<b>(17,103)</b>	<b>(17,098)</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	0.488	Use of 10 agency staff to improve service and cover vacant posts Internal residential redesign and additional use of internal provision for contact services. Looked after children numbers are forecast at being 542 this is offset by a greater proportion in low cost placements.
Corporate parenting	(0.501)	
Integrated young people support services	(0.075)	Part year effect of vacant posts, recruitment is in hand.
Vulnerable children	0.553	Use of 58 agency staff (some only part year), used to cover vacant posts, maternity and additional due to increase case loads.
Combination of smaller variances	(0.38)	
<b>Children and Young People's forecast outturn</b>	<b>0.427</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
<b>Total Children and Young People's Risks</b>	<b>0.000</b>		<b>0.950</b>		<b>0.520</b>

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

<b>Service</b>	<b>Annual Budget £</b>	<b>Actual To Date £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>	<b>Proposed Carry Forward to 2013/14 £</b>
<b><u>Council Resources</u></b>					
<u>Specialist Services</u>					
Contact Services	925,000	0	0	(925,000)	(925,000)
IT investment in mobile working	79,000	0	79,000	0	0
Eldon House reprovion	890,636	626,828	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	401,235	13,981	401,235	0	0
Schools access initiative	179,185	136,407	179,185	0	0
<b>Total Council Resources Capital</b>	<b>2,541,868</b>	<b>777,216</b>	<b>1,616,868</b>	<b>(925,000)</b>	<b>(925,000)</b>
<b><u>Externally Funded</u></b>					
<u>Prevention and Targeted</u>					
Youth capital funding	60,800	13,446	60,800	0	0
Myplace Young Peoples Centre at Joseph Leckie	172,063	163,119	172,062	0	0
<u>Specialist Services</u>					
Pathfinder short breaks (disabled children)	142,183	0	142,183	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	483,896	210,634	483,896	0	0
Academies	26,681,192	8,143,149	16,106,192	(10,575,000)	(10,575,000)
Barr Beacon language college - s106	36,769	9,031	36,769	0	0
Basic need	4,673,752	136,547	2,576,131	(2,097,621)	(2,097,621)
Black Country University Technical College (UTC)	89,587	58,000	89,587	0	0
Capital maintenance	7,167,388	2,092,202	5,167,388	(2,000,000)	(2,000,000)
Devolved capital	3,649,299	396,315	2,149,300	(1,499,999)	(1,499,999)
School travel plans	40,208	34,948	34,948	(5,260)	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>11,250,913</b>	<b>27,019,286</b>	<b>(16,177,856)</b>	<b>(16,172,620)</b>
<b>Total Children and Young People's Capital</b>	<b>45,739,006</b>	<b>12,028,129</b>	<b>28,636,154</b>	<b>(17,102,856)</b>	<b>(17,097,620)</b>