

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

**Agenda Item
No.**

DATE: 12 February 2013

QUARTER 3 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 3 (to end of December 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 **£0.776m** after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be a net capital underspend of **£18.222m**, which reduces to **£0.005m** after carry forward requests are taken into account.

Background papers

Quarter 1 Financial monitoring position for 2012/13
Quarter 2 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

Interim Director: Rose Collinson

Date: 29 January 2013

Date: 4 February 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 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.

Contact Officers:

D.Mortiboys, Senior Finance Manager,

☎ 01922 652328

mortiboysd@walsall.gov.uk

C. Knowles, Lead Accountant,

☎ 01922 650392,

KnowlesC@walsall.gov.uk

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 December 2012) is an overspend against budget of **£0.776m** (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 **£0.943m** and transfer to reserves of **£0.285m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and **£0.661m** 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 **£0.540m**. 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**.
- 1.6 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.
- 1.7 There is work ongoing to mitigate the overspends, this includes regularly reviewing all agency staff to ensure grades and tenure remain appropriate, and recruit permanently where possible. Placements of Looked after Children are also being reviewed, whilst keeping the welfare of the child as the priority. The increase in Looked after Children has been reduced. Prevention and Targeted services are underspending to help mitigate the overspends above. Early achievement of some 13-14 savings has also reduced the net overspend.
- 1.8 There is a £1m investment for Looked after Children costs in 13-14, this combined with work on agency staff and looked after children (the two big pressures this year) should help Children's to manage their budget next year.

Table 1– Forecast Revenue Outturn 2012/13

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	3,833	2,820	1,884	(936)	4,145	312	(512)	(200)
Specialist Services	31,356	23,517	24,678	1,161	33,080	1,724	(710)	1,014
Education	7,637	5,667	2,694	(2,973)	7,696	59	(97)	(38)
Budget for monitoring purposes	42,826	32,005	29,256	(2,748)	44,921	2,095	(1,319)	776

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 December 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**.

Table 2 – Summary of Capital Programme – Quarter 3 2012/13					
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000	Proposed Carry Forward to 2013/14 £'000
Council Resources					
Specialist services	1,961	920	970	(992)	(992)
Education	580	180	580	0	0
Total Council Resources	2,542	1,100	1,550	(992)	(992)
Externally Funded					
Prevention and Targeted	233	177	233	0	0
Specialist services	284	0	229	(55)	(55)
Education	42,875	16,736	25,701	(17,175)	(17,169)
Total Externally Funded	43,393	16,912	26,163	(17,230)	(17,225)
Total Children and young People's Capital	45,934	18,012	27,713	(18,222)	(18,217)

Appendix 1 - Reasons for revenue forecast underspend		
Service	Variance £m	Explanation of Year End Forecast
Children's management	0.412	Use of 14 agency staff to improve service and cover vacant posts
Corporate parenting	(0.336)	Internal residential redesign and additional use of internal provision for contact services. Looked after children numbers are forecast at being 541 this is offset by a greater proportion in low cost placements.
Intervention	0.227	Additional costs to make improvements after the inspection. Use of 2 agency staff in senior management positions
Integrated young people support services	(0.096)	Part year effect of vacant posts, recruitment is in hand.
Vulnerable children	0.675	Use of 63 agency staff (some only part year), used to cover vacant posts, maternity and some additional support due to increased case loads.
Prevention, targeted and workforce	(0.085)	Reduced demand for family support panel
Combination of smaller variances	(0.021)	
Children and Young People's forecast outturn	0.776	

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 (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	Medium	0.300	Medium	0.150
Children with disabilities. The possible increase in packages for children with complex needs	0.000	Low	0.150	High	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	Low	0.500	Medium	0.250
Changes to status and funding arrangements for young offenders placed on remand. A projected pressure of £20K in 2012/13 and further pressure with further changes expected in 2013/14	0.000	Low	0.040	Medium	0.020
Total Children and Young People's Risks	0.000		0.990		0.540

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 £
<u>Council Resources</u>					
<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 reprovision	890,637	890,637	890,637	0	0
Integrated children's system	66,813	0	0	(66,813)	(66,813)
<u>Education</u>					
Barcroft - (Elm Street/Albion Road) Targeted capital	401,235	22,178	401,235	0	0
Schools access initiative	179,186	157,644	179,186	0	0
Total Council Resources Capital	2,541,871	1,070,458	1,550,058	(991,813)	(991,813)
<u>Externally Funded</u>					
<u>Prevention and Targeted</u>					
Youth capital funding	60,800	13,446	60,800	0	0
Myplace Young Peoples Centre at Joseph Leckie	172,062	163,119	172,062	0	0
<u>Specialist Services</u>					
Pathfinder short breaks (disabled children)	284,366	29,456	228,985	(55,381)	(55,381)
<u>Education</u>					
14-19 diplomas, SEN and disabilities	483,897	212,644	483,896	(1)	0
Academies	26,681,193	12,568,876	16,106,192	(10,575,001)	(10,575,001)
Barr Beacon language college - s106	36,769	14,854	36,769	0	0
Basic need	4,673,752	181,261	1,626,131	(3,047,621)	(3,047,621)
Black Country University Technical College (UTC) - Phase 2	53,280	6,525	6,525	(46,755)	(46,755)
Black Country University Technical College (UTC) - Phase 1	89,588	65,740	89,587	(1)	0
Capital maintenance	7,167,389	3,028,795	5,167,388	(2,000,001)	(2,000,001)
Devolved capital	3,649,300	621,959	2,149,300	(1,500,000)	(1,500,000)
School travel plans	40,210	34,978	34,978	(5,232)	0
Total Externally Funded Capital	43,392,606	16,941,653	26,162,613	(17,229,993)	(17,224,759)
Total Children and Young People's Capital	45,934,477	18,012,111	27,712,671	(18,221,806)	(18,216,572)