

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

**Agenda Item
No.**

DATE: 3 December 2010

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Andrew – Children's Services

Summary of report

This report summarises the predicted revenue and capital outturn position for 2010/11, based on the performance for quarter 2 (to September 2010), for services within the remit of the Children's and Young People Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Children's and Young People Panel is net revenue overspend of **£1.993m**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an underspend of **£22.623m**.


Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2009/10
2010/11 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2010/11 within the remit of this panel.

Signed:



Executive Director: Pauline Pilkington

Date: 24 November 2010

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. Corrective action plans are in place to mitigate any overspends within service. Any corporate overspend will require replenishment in the 2010/11 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 2010/11 – Children’s and Young People

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Children’s and Young People Panel (based on the position as at the end of June 2010) is an overspend against budget of **£2.787m** (net of the use of earmarked reserves), which reduces to an overspend of **£1.993m** following action planning which was put in place to support the portfolio and the Council’s overall financial position. 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 a contribution to reserves of **£0.074m** (where approval has been given by Cabinet for additional funds for specific services) and 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 Where an expected overspend is forecast the services need to identify an in year action plan to mitigate this position. At this point in the year the action plan for this service totals £0.794 and is summarised in **Table 1** below and detailed in **Appendix 2**
- 1.6 Within the services associated with the panel there are a number of risks, totalling **£0.930m** which have not been included within the above forecast. 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 3**
- 1.7 Included within the directorate budget are approved 2010/11 new investments and savings, as approved by cabinet on 22 February 2010, totalling £1.950m and £0.352m respectively. The full year effect of previous years’ investments and savings included in the budget are £0.000m investments and £0.040m savings. A full breakdown of these can be found in the 2010/11 Children’s & Young People 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 2010/11

Service Area	Annual Budget £'000	Profiled Budget £'000	Year To Date £'000	Variance £'000	Year End Forecast £'000	Year End Variance £'000	Non essential spend savings £'000	Use of reserves £'000	Action Plan £'000	Variance after Reserves/ Action Plan/Non essential Spend £'000
Universal Services	8,049	4,024	3,691	(333)	7,872	(177)	0	0	0	(177)
Specialist Services	29,096	14,603	15,843	1,240	32,008	2,912	(15)	0	(794)	2,103
Education	10,809	5,917	5,867	(50)	10,802	(7)	0	74	0	67
Budget for monitoring purposes	47,954	24,544	25,402	857	50,682	2,728	(15)	74	(794)	1,993
Depreciation	11,132	5,566	5,566	0	11,132	0	0	0	0	0
Notional interest	0	0	0	0	0	0	0	0	0	0
FRS 17	1,041	519	519	0	1,041	0	0	0	0	0
CSS	4,105	2,052	2,052	0	4,105	0	0	0	0	0
Office Accommodation	177	89	89	0	177	0	0	0	0	0
Total Children's & Young People	64,409	32,770	33,628	857	67,137	2,728	(15)	74	(794)	1,993

2 Forecast Capital Outturn 2010/11 – Children & Young People

2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of June 2010) is a predicted underspend against budget of **£22.445m**. Table 2 shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

Table 2 – Summary of Capital Programme – Quarter 2 2010-11				
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000
Council Resources				
Universal Services	14	14	14	0
Specialist services	1,148	0	220	928
Education	10,967	954	6,131	4,836
Total Council Resources	12,129	968	6,365	5,764
Externally Funded				
Universal services	218	126	218	0
Specialist services	0	0	0	0
Education	49,384	8,700	32,525	16,859
Total Externally Funded	49,602	8,826	32,743	16,859
Total Children's & young People Capital	61,731	9,794	39,108	22,623

APPENDIX 1 - REASONS FOR REVENUE VARIATIONS

SERVICE	REASON / EXPLANATION FOR VARIANCE	VARIANCE £'000
Vulnerable Children	Overspend due to high numbers of agency staff covering vacancies and sickness.	426
Children with Disabilities	Increase in demand for service due to high numbers of children with complex needs	212
Corporate Parenting	1. An overspend on LAC placements of £1,376k. The forecast is based on 504 LAC but during the year this has reached 512. Due to internal capacity not being sufficient we have been forced to use external placements at greater expense..	2,401
	2. An overspend of £104k is due to high numbers of LAC requiring contact services with family members.	
	3. £354k overspend is attributable to support to LAC and a high demand for taxi service to transport LAC.	
	4. £247k relates to savings on posts that are yet to be achieved ,	
	5. £334k relates to high levels of agency staff within the LAC team, to cover high levels of sickness.	
	6. There is an action plan £794k in place to help offset the cost of LAC.	
Strategy & Governance	Planned underspend on commissioned projects to help action plan.	(100)
Safeguarding Children	Underspend due to a number of vacancies within the service	(91)
Universal savings	Total of savings in Universal management team and IYPSS.	(76)
	Combination of smaller over / (under) spends.	(44)
TOTAL VARIANCE		2,728

Appendix 2 - 2010/11 Budget Action Plan

Service	Action identified	Initial Action Plan £'000	Action Plan delivered + included in Outturn £'000	RAG
Universal	Children's Trust – access to slippage	100	100	G
Specialist	Carers Grant	32	32	G
Specialist	Aiming high for Disabled Children	50	50	G
Specialist	Contact – new arrangements	340	318	G
Specialist	Change in placement mix of children – based on 5 children	152	87	G
Specialist	External Foster care provision – bulk discount option	50	0	G
Specialist	One off grant funding	480	0	G
Specialist	Surestart – Admin recharge	77	0	G
Universal	Nursery fees – Surestart	100	0	G
Universal				
TOTAL		1,381	587	

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

POTENTIAL RISK	LOWEST COST £'000	ASSESSMENT OF RISK	HIGHEST COST £'000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £'000
The number of LAC increased by 21 in 2008-09, 37 in 2009-10 and by 5 in the first 5 months of 2010-11. If the number were to increase by a further 15 this year (bringing the year on year increase up to the 08-09 level then the costs will increase by between £15k pa and £170k pa per child	0.113	High	1.275	High	0.700
Inter-agency fees. This involves buying adoptive families from other Local Authorities or agencies. Overspend for 2009/10 was £98k. Buying adoptive families ensures that children can be adopted and are no longer looked after by the local authority, this reduces the financial impact of children being looked after..	0.050	High	0.150	High	0.080
Education redundancies – currently forecasting to budget. However there is a risk that we could be paying out more in redundancies..	0.000	Medium	0.150	Medium	0.100
CRB checks within Education, there was an overspend of £30k for 2009/10. £30k over spend currently included in monitoring forecast.	0.000	Low	0.020	Low	0.000
Children with disabilities - possible increase in the packages approved for children with complex needs.	0.000	Medium	0.100	Medium	0.050
Total Children's Services	0.163		1.695		0.930

Appendix 4 – Summary of Capital Programme - 2010/11

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £	Proposed Slippage to 2011/12 £
Mainstream					
<u>Universal Services</u>					
Youth service building refurbishment	14	14	14	0	0
<u>Specialist Services</u>					
Eldon House reprovision	1,028	0	100	928	928
Integrated children's system	80	0	80	0	0
Modernisation of children's homes	30	0	30	0	0
Redruth Road	10	0	10	0	0
<u>Education</u>					
Academies	21	21	21	0	0
Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	2,896	793	2,896	0	0
Basic need	3,257	1	1,735	1,522	1,522
ICT	313	0	0	313	313
Modernisation - all schools	3,150	0	650	2,500	2,500
New pupil places - Fibbersley	4	1	4	0	0
School building repair - priority 1	0	0	0	0	0
Schools access initiative	1,216	115	715	501	501
Targeted capital bids	110	23	110	0	0
Total Mainstream capital	12,129	968	6,365	5,764	5,764
Non Mainstream					
<u>Universal Services</u>					
Youth capital funding	163	76	163	0	0
Youth capital funding plus	55	50	55	0	0
<u>Specialist Services</u>					

No projects	0	0	0	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	7,190	1,113	4,732	2,458	2,458
Academies	15,154	1,355	10,103	5,051	5,051
Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	556	556	556	0	0
Brownhills community technology college	14	2	14	0	0
Devolved capital	8,018	549	4,018	4,000	4,000
Extended services	1,059	685	1,059	0	0
Harnessing technology	1,017	602	767	250	250
Information system for parents and providers (ISPP)	0	0	0	0	0
Modernisation - all schools	3,132	870	3,132	0	0
Pathfinder short breaks (Aiming high for disabled children)	391	39	391	0	0
Primary capital programme	10,188	1,924	5,188	5,000	5,000
School travel plans	278	33	178	100	100
Specialist schools - Jane Lane	44	30	44		0
Specialist schools - Willenhall sports college	3	0	3	0	0
Streetly school new changing room block	0	0	0	0	0
Surestart, early years and child care grants	1,721	465	1,721	0	0
Targeted capital bids fund - ME SEBD JL	87	87	87	0	0
Targeted capital bids fund - Queen Marys grammar	265	213	265	0	0
Targeted capital - Short heath schools Contribution	0	0	0	0	0
Targeted capital - Short heath schools	267	177	267	0	0
Total Non Mainstream	49,602	8,826	32,743	16,859	16,859
Total Children's Capital	61,731	9,794	39,108	22,623	22,623

