

02 March 2009

Financial Monitoring – 2009/10 Third Quarter Forecast

Ward(s) All

Portfolios: Councillor Walker

Summary of report:

This report gives a breakdown of the Portfolio's financial outturn forecast for 2009/10 including explanations of overspends and risks to the achievement of the forecast, based on the first 9 months of the financial calendar, April to December 2009. The current position shows an overspend of **£2.522m (including Catering)** and details the significant management action which is taking place, without which the overspend would be greater.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide an update on the 2009/10 financial performance of the Portfolio's Services.

Resource and legal considerations:

The budgets were set as part of the council's budget setting process in line with the Medium Term Financial Strategy.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance management:

Financial performance is considered alongside service targets.

Equality Implications:

None directly associated with this report.

Consultation:

Consultation has been undertaken as part of the budget monitoring process with senior managers within the services.

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1 Forecast Revenue Outturn 2009/10 – Children and Young People

- 1.1 A forecast net revenue overspend of **£2.522m** is forecast. This is after a corrective action plan of £1.939m without which an overspend of £4.461m would be predicted. £1.222m of this action plan has been achieved to date, if the balance of this corrective action plan is not achieved then this position will worsen. The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year end forecast and achievement of savings. **Table 1** shows the Forecast Outturn for each service area within the directorate.

Table 1 – Projected Year-end Position for C&YP post action plan

SERVICE	Annual budgeted spend £'000	Annual budgeted income £'000	Net annual budget £'000	Forecast annual spend £'000	Forecast annual income £'000	Forecast annual net position £'000	Variance	
							Over / (Under)	
							£'000	%
Children's Services								
Education	241,648	(229,579)	12,070	242,886	(230,620)	12,266	196	1.62%
Specialist services	27,337	(1,599)	25,737	29,993	(1,841)	28,152	2,415	9.38%
Universal services	12,041	(2,888)	9,153	12,700	(3,560)	9,140	(13)	-0.15%
Catering	4,490	(4,137)	352	4,402	(4,126)	277	(76)	21.48%
Total Children's Services	285,516	(238,204)	47,312	289,981	(240,147)	49,834	2,522	5.3%

2 Analysis of Variances

2.1 Specialist Services

- 2.1.1 The forecast outturn for Specialist Services is an overspend of **£2.415m**. This figure is after management have taken a series of actions to reduce the overspend by £1.939m. This action plan is being managed and £1.222m has been achieved. Options are being continually analysed, monitored and developed to mitigate this overspend.
- 2.1.2 The most significant pressures on the service remain around Looked After Children (LAC). For the 2009/10 budget an efficiency saving of £0.372m was targeted. This was based on procuring placements at improved rates and changing mix of placements. Since the budget process has taken place there has been a significant increase in the number of LAC from 450 at which the budget was set to a current position of 499.
- 2.1.3 Ongoing pressures continue on placement budgets due to mix and high levels of looked after children continuing from the beginning of this financial year (as outlined above).
- 2.1.4 Courts still have an expectation that care cases will have high levels of contact with birth families, particularly during care proceedings involving increased costs in supervision and transport. Corrective action is being implemented to reduce cost in this area.

2.1.5 Corrective action planning has been implemented in all these areas to reduce as far as possible the potential overspend without any additional risk to children.

2.2 Education

The forecast outturn for Education has remained at an overspend of £0.196m which as stated in last quarter's report is due to the level of redundancies being higher this year than in previous years and budgets. Actions are being taken wherever possible to mitigate these overspends but if this trend continues budgets will come under more financial pressure.

2.3 Universal Services

High demand remains around areas such as Direct Payments and Family Support. These pressures are estimated at £0.347m. Management action has taken place across Universal Services which has produced savings to offset the increased cost pressures for these services demand lead services. Actions include maximising use of grant income and vacancy management.

2.4 Catering Services

The Forecast outturn for Catering is an under-spend of £0.076m. Although the services have seen an increase in depot charges this has been offset by increased income and savings on non essential expenditure.

3. Risks

3.1 Specialist Services

- The number of looked after children has increased significantly to 499. There are continuing risks that additional children will be at risk of significant harm and further placements will be necessary
- Risks of increasing care costs due to changes in the environment and complexities of the needs of looked after children.

3.2 Education

- Further redundancy costs could be agreed and increase the forecast
- Cost of Criminal Records Bureau checks continue to be higher than budgeted.

3.3 Universal Services

- Black Country Connexions is currently being wound down as part of national restructuring of the advice information and guidance service for children and young people. The service in Walsall will be delivered as part of the integrated young people's services. There are risks in relation to the BCC wind down which are currently being identified and managed as part of the implementation of IYPSS.

4. Savings and Investments Tracking

During the 2009/10 budget setting process a number of savings and investments were approved for CYP and are included in the revenue budget detailed above. Achievement/use of these savings/investments is monitored to assess the directorate's performance against the planned activity shown in **Table 2**:

INVESTMENT/SAVING DESCRIPTION	FULL 2009/10 SAVING	Forecast Investment/Saving	RAG
Increase in Demand of no recourse to public funds - statutory duty under Sec 20 Children Act for children of those whose immigration status means they have no access to other public funds, obligation to fund - potential overspend if not approved	260,000	260,000	
Statutory requirement to provide adoption support and special guardianship (adoption and children act)	75,000	75,000	
Increased funding for family law cases	224,000	224,000	
Increased work around complex abuse cases (child protection)	19,500	19,500	
Closure of children's home - children accommodated in foster placements - revenue savings	- 400,000	- 400,000	G
Deletion of education support coordinator post	- 50,000	- 50,000	G
Restructure of Outreach team -Team of unqualified workers support looked after children in pursuing leisure, arts and cultural activities, promoting self esteem and encouraging participation and positive activities. Removal of Operations Manager and Team Manager posts along with 2 additional outreach workers	- 111,582	- 111,582	G
Reduction in numbers of looked after children	- 372,000	-	R
Review & restructure of Emergency Response team social work services.	- 157,000	- 157,000	A
Review & Restructuring of service delivery with Youth Offending Service	- 155,833	- 155,833	G
Reduction of hours on the Walsall Children's Fund Commissioning Support Team Budget	- 2,789	- 2,789	G
Realignment of Prevention & Local Services costs with Grant income. Offset salary costs against national grant income allocated to Walsall annually to deliver Contact Point (Statutory requirement to support the delivery of Children's Services)	- 33,000	- 33,000	G
Universal Services Management Team - Maximising potential of undergraduate scheme to reduce salary costs in partnership with local university.	- 20,000	- 20,000	G
Youth service Training and Development resources	- 22,500	- 22,500	G
Youth Service Buildings Maintenance Budget	- 10,000	- 10,000	G
Youth Development Fund- Previously this budget was aligned with specific cost centres. Via a review and restructuring process, this fund is now being centralised, and efficiencies have been identified via this process. Development work maintained with greater efficiency and Strategic overview	- 15,000	- 15,000	G
Youth Offending Service(realign a YOS management post with WNF grant) Dependant on grant approval	- 27,350	- 27,350	G
Youth Offending Service(realign YOS manger with YJB grant) Dependant on grant approval	- 27,350	- 27,350	G
Youth Offending Service(realign YOS manger with YJB grant) Dependant on grant approval	- 27,350	- 27,350	G
Reduction in Youth Service activities by review of organisation and resources including the deletion of vacant posts	- 68,366	- 68,366	G
Realign services to establish integrated Young Peoples services. Economies of scale, reduction in management to include children's trust arrangements	- 96,000	- 96,000	G
Reallocation of Agency Savings	- 2,423	- 2,423	G
Net Investments/Savings	- 1,020,043	- 648,043	

5.Capital Programme

The forecast capital programme outturn for the C YP as at the end of December 2009, is predicted to under-spend by £0.984m. **Table 2** provides a detailed financial analysis of the capital position by service.

Table 2

Programme	Annual Budget £	Year To Date £	Year End Forecast £	Slippage/ Underspend to 2009/10 £
Mainstream				
Universal Services	94,965	24,005	94,965	0
Specialist Services	1,422,501	245,300	438,522	(983,979)
Education	14,481,278	5,961,950	14,481,278	0
Catering	21,517	22,844	21,517	0
Sub-total	16,020,261	6,254,099	15,036,282	(983,979)
Non-mainstream				
Universal Services	634,387	67,040	634,387	0
Specialist Services	42,725	-	42,725	0
Education	26,676,481	5,083,760	26,676,481	0
Sub-total	27,353,593	5,150,799	27,353,593	0
Total	43,373,854	11,404,898	42,389,875	(983,979)

The projects forecast to underspend is Eldon House re-provision. Currently there is strategic analysis taking place of how to best use capital to improve this facility or look to alternate premises.