

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

**Agenda Item
No. 7**

DATE: 27 September 2010

QUARTER 1 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 1 (to June 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 **£1.174m**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an underspend of **£21.878m**.

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: 14 September 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 **£2.435m** (net of the use of earmarked reserves), which reduces to an overspend of **£1.174m** 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 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 £1.262 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 **£1.700m** 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	8,142	1,790	1,690	(100)	8,032	(108)	0	0	0	(108)
Specialist Services	28,133	7,060	7,633	573	30,707	2,572	(15)	0	(1,262)	1,295
Education	11,843	2,089	2,063	(26)	11,755	(88)	0	74	0	(14)
Budget for monitoring purposes	48,118	10,939	11,386	447	50,494	2,376	(15)	74	(1,262)	1,173
Depreciation	11,132	2,783	1.116	0	11,132	0	0	0	0	0
Notional interest	0	0	0.215	0	0	0	0	0	0	0
FRS 17	1,041	260	0.216	0	1,041	0	0	0	0	0
CSS	4,987	1,247	5.642	0	4,987	0	0	0	0	0
Office Accommodation	177	44	0.444	0	177	0	0	0	0	0
Total Children's & Young People	65,455	15,273	15,720	447	67,831	2,376	(15)	74	(1,262)	1,173

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 **£21.878m**. Table 2 shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

<u>Table 2 – Summary of Capital Programme – Quarter 1 2010-11</u>				
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	788	360
Education	13,342	1,196	6,131	7,211
Total Council Resources	14,504	1,210	6,933	7,571
Externally Funded				
Universal services	309	40	218	91
Specialist services	0	0	0	0
Education	38,762	1,278	24,546	14,516
Total Externally Funded	39,071	1,318	24,764	14,307
Total Children's & young People Capital	53,575	2,528	31,697	21,878

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.	299
Children with Disabilities	Increase in demand for service due to high numbers of children with complex needs	213
Corporate Parenting	1. An overspend of £1,006k due to high numbers of Looked after Children (LAC). Over the past 3 years there has been an increase in the numbers of LAC, the current number is 501 but during the year this has reached 512. Due to internal capacity not being sufficient we have been forced to use external, more expensive , placements.	2,124
	2. An overspend of £306k is due to high demand for contact services for LAC. Control measures have been implemented to help reduce the overspend situation.	
	3. £449k 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 , Appendix 2 shows the details.	
	5. The remaining overspend of £116k relates to high levels of agency staff within the LAC team, to cover high levels of sickness.	
Other variances	There are other net underspends of £64k in Specialist services, £108k in Universal and £88k in Education.	(260)
TOTAL VARIANCE		2,376

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	0	G
Specialist	Contact – new arrangements	340	0	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	200	0	G
Universal				
TOTAL		1,481	219	

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

POTENTIAL RISK	LOWEST COST £'m	ASSESSMENT OF RISK	HIGHEST COST £'m	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £'m
The number of LAC increased by 21 in 2008-09, 37 in 2009-10 and by 11 in the first 2 months of 2010-11. If the number were to increase by a further 10 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	0.150	High	1.700	High	0.900
Inter-agency fees. This involves buying adoptive families from other Local Authorities or agencies. Overspend for 2009/10 was £98k. The budget for this is insufficient, but if these families are not bought there is an associated risk of higher numbers of looked after children as we cannot process adoptions.	0.000	High	0.150	High	0.100
Contact point grant. Allocation of £91k for 2010/11, only received Q1 payment so far & they are now not in a position to confirm 2010/11 allocations following the change in Government. We carried £108k forward from 2009/10, this gives us funding of £130k and we are forecasting costs of £180k, leaving a £50k risk.	0.000	Medium	0.050	Medium	0.050
CRB checks within Education, there was an overspend of £30k for 2009/10.	0.000	Medium	0.050	Medium	0.030
Education redundancies - expenditure during 2009/10 was £564k, giving an overspend of £133k. Sneyd is forecasting a figure of £491k, which is £223k above the accrual. There has also been reference to an additional £182k for Sneyd under a new policy. This could result in an overspend on £539k, currently we are forecasting on budget.	0.000	High	0.560	High	0.560
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	0.150		2.610		1.690

Appendix 4 – Summary of Capital Programme - 2010/11

Service	Annual Budget £'000	Actual To Date £'000	Year End Forecast £'000	Year End Variance £'000	Proposed Slippage to 2011/12 £'000
Mainstream					
<u>Universal Services</u>					
Youth service building refurbishment	14	14	14	0	0
<u>Specialist Services</u>					
Eldon House reprovion	1,028	0	668	360	360
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
Refurbishment of Essington Lodge	0	0	0	0	0
<u>Education</u>					
Academies	21	130	21	0	0
Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	2,896	287	2,896	0	0
Basic need	3,057	393	1,535	1,522	1,522
Building Schools for the Future	1,210	0	0	1,210	0
ICT	313	0	0	313	313
Modernisation - all schools	3,150	258	650	2,500	2,500
New pupil places - Fibbersley	204	1	204	0	0
School building repair - priority 1	0	0	0	0	0
Schools access initiative	1,216	73	716	500	500
Targeted capital bids	1,275	55	110	1,165	0
Total Mainstream capital	14,504	1,211	6,934	7,570	5,195
Non Mainstream					

Service	Annual Budget £'000	Actual To Date £'000	Year End Forecast £'000	Year End Variance £'000	Proposed Slippage to 2011/12 £'000
<u>Universal Services</u>					
Youth capital funding	254	(10)	163	91	0
Youth capital funding plus	56	50	56	0	0
<u>Specialist Services</u>					
No projects	0	0	0	0	0
<u>Education</u>					
14-19 diplomas, SEN and disabilities	7,849	305	4,730	3,119	2,458
Academies	400	0	195	205	205
Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	556	0	556	0	0
Black Country challenge funding - Bluecoat	0	0	0	0	0
Black Country challenge funding - Brownhills	0	0	0	0	0
Brownhills community technology college	14	1	14	0	0
Building Schools for the Future	570	0	0	570	0
Creating a STEM development centre	0	0	0	0	0
Darlaston Community College	0	0	0	0	0
Devolved capital	8,412	215	4,412	4,000	4,000
Extended services	1,210	145	1,059	151	0
Harnessing technology	1,565	116	463	1,102	1,102
Information system for parents and providers (ISPP)	0	0	0	0	0
Modernisation - all schools	3,003	0	3,003	0	0
Pathfinder short breaks (Aiming high for disabled children)	391	30	391	0	0
Primary capital programme	10,187	159	5,187	5,000	5,000
School travel plans	256	24	156	100	100
Specialist schools - Castle	0	0	0	0	0
Specialist schools - Jane Lane	0	30	30	(30)	0

Service	Annual Budget £'000	Actual To Date £'000	Year End Forecast £'000	Year End Variance £'000	Proposed Slippage to 2011/12 £'000
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	3,765	91	3,765	0	0
Targeted capital bids fund - ME SEBD JL	58	0	58	0	0
Targeted capital bids fund - Queen Marys grammar	265	0	265	0	0
Targeted capital - Short heath schools Contribution	0	0	0	0	0
Targeted capital - Short heath schools	258	161	258	0	0
Total Non Mainstream	39,072	1,317	24,764	14,308	12,865
Total Children's Capital	53,576	2,528	31,698	21,878	18,060