

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

**Agenda Item  
No. 8**

**DATE: 1 March 2011**

**QUARTER 3 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 3 (to December 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 **£1.862m**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an underspend of **£23.022m**.

**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:** 16 February 2011

### **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.

### **Contact Officer:**

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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 **£2.381m** (net of the use of earmarked reserves), which reduces to an overspend of **£1.862m** 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 **£0.078m** (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 £0.597 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 **£0.566m** 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**

<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>Non essential spend savings £'000</b>	<b>Use of reserves £'000</b>	<b>Action Plan £'000</b>	<b>Variance after Reserves/ Action Plan/Non essential Spend £'000</b>
Universal Services	8,161	6,116	5,816	(299)	7,866	(295)	0	0	0	(295)
Specialist Services	29,135	21,894	23,719	1,823	31,832	2,696	0	0	(597)	2,099
Education	11,082	5,038	4,975	(62)	11,062	(20)	0	78	0	58
<b>Budget for monitoring purposes</b>	<b>48,378</b>	<b>33,048</b>	<b>34,510</b>	<b>1,462</b>	<b>50,760</b>	<b>2,381</b>	<b>0</b>	<b>78</b>	<b>(597)</b>	<b>1,862</b>
Depreciation	8,543	6,407	6,407	0	8,543	0	0	0	0	0
Notional interest	0	0	0	0	0	0	0	0	0	0
FRS 17	1,041	781	781	0	1,041	0	0	0	0	0
CSS	3,877	2,908	2,908	0	3,877	0	0	0	0	0
Office Accommodation	163	122	122	0	163	0	0	0	0	0
<b>Total Children's &amp; Young People</b>	<b>62,002</b>	<b>43,266</b>	<b>44,728</b>	<b>1,462</b>	<b>64,384</b>	<b>2,381</b>	<b>0</b>	<b>78</b>	<b>(597)</b>	<b>1,862</b>

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 December 2010) is a predicted underspend against budget of **£23.022m**. Table 2 shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

<b><u>Table 2 – Summary of Capital Programme – Quarter 2 2010-11</u></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>Council Resources</b>				
Universal Services	14	14	14	0
Specialist services	1,139	2	211	928
Education	10,967	1,730	6,131	4,836
<b>Total Council Resources</b>	<b>12,129</b>	<b>1,746</b>	<b>6,365</b>	<b>5,764</b>
<b>Externally Funded</b>				
Universal services	218	128	218	0
Specialist services	0	0	0	0
Education	50,059	16,010	32,801	17,258
<b>Total Externally Funded</b>	<b>50,277</b>	<b>16,138</b>	<b>33,019</b>	<b>17,258</b>
<b>Total Children's &amp; young People Capital</b>	<b>62,397</b>	<b>17,884</b>	<b>39,375</b>	<b>23,022</b>

## 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.	447
Children with Disabilities	Increase in demand for service due to high numbers of children with complex needs	154
Specialist Management	Overspend due to business support transfer with insufficient budget.	85
Corporate Parenting	1. An overspend on LAC placements of £1,268k. 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.	1,616
	2. An overspend of £65k is due to high numbers of LAC requiring contact services with family members.	
	3. £283k 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. £382k relates to high levels of agency staff within the LAC team, to cover high levels of sickness.	
	6. £32k relates to underspend on ABG grants	
	7. There is an action plan £597k in place to help offset the cost of LAC.	
Strategy & Governance	Planned underspend on commissioned projects to help action plan.	(108)
Safeguarding Children	Underspend due to a number of vacancies within the service	(203)
Universal savings	Total of savings in Universal management team and IYPSS.	(117)
	Combination of smaller over / (under) spends.	(12)
<b>TOTAL VARIANCE</b>		<b>1,862</b>

## Appendix 2 - 2010/11 Budget Action Plan

<b>Service</b>	<b>Action identified</b>	<b>Initial Action Plan £'000</b>	<b>Action Plan delivered + included in Outturn £'000</b>	<b>RAG</b>
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	340	G
Specialist	Change in placement mix of children – based on 5 children	152	152	G
Specialist	External Foster care provision – bulk discount option	50	50	G
Education	One off contract price reduction	160	0	G
Universal	One off unring fenced Area Based Grant funding	70	0	G
All	Grant underspends	130	0	A
Education	One off education underspends	120	0	A
Specialist	Surestart – Admin recharge	77	0	A
Universal	Nursery fees – Surestart	40	0	A
<b>TOTAL</b>		<b>1,320</b>	<b>724</b>	

### 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 10 in the first 7 months of 2010-11. If the number were to increase by a further 11 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.	0.034	<b>High</b>	0.400	<b>High</b>	0.320
Inter-agency fees. This involves buying adoptive families from other Local Authorities or agencies. The 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	<b>High</b>	0.150	<b>High</b>	0.080
Education redundancies - currently forecasting to budget. However, there is a risk that we could be paying out more in redundancies.	0.000	<b>Medium</b>	0.150	<b>Medium</b>	0.100
Children with disabilities - possible increase in the packages approved for children with complex needs.	0.000	<b>Medium</b>	0.100	<b>Medium</b>	0.050
Unaccompanied asylum seeking children grant - Home Office will possibly claim grant -funding back for one child due to legal come-back.	0.000	<b>Low</b>	0.041	<b>Low</b>	0.016
<b>Total Children's Services</b>	<b>0.084</b>		<b>0.931</b>		<b>0.566</b>



**Appendix 4 – Summary of Capital Programme - 2010/11**

<b>Service</b>	<b>Annual Budget £k</b>	<b>Actual To Date £k</b>	<b>Year End Forecast £k</b>	<b>Year End Variance £k</b>	<b>Proposed Slippage to 2011/12 £k</b>
<b>Mainstream</b>					
<b><u>Universal Services</u></b>					
Youth service building refurbishment	14	14	14	0	0
<b><u>Specialist Services</u></b>					
Eldon House reprovision	1,028	0	100	928	928
Integrated children's system	80	1	80	0	0
Modernisation of children's homes	30	0	30	0	0
Redruth Road	1	1	1	0	0
<b><u>Education</u></b>					
Academies	21	21	21	0	0
Barcroft - (Elm Street/Albion Road) Targeted capital - WMBC	2,896	1,407	2,896	0	0
Basic need	3,257	90	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
Schools access initiative	1,216	188	715	501	501
Targeted capital bids	110	23	110	0	0
<b>Total Mainstream capital</b>	<b>12,129</b>	<b>1,746</b>	<b>6,365</b>	<b>5,764</b>	<b>5,764</b>
<b>Non Mainstream</b>					
<b><u>Universal Services</u></b>					
Youth capital funding	163	78	163	0	0
Youth capital funding plus	55	50	55	0	0
<b><u>Specialist Services</u></b>					
No projects	0	0	0	0	0

<b>Education</b>					
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
Barr Beacon language college - s106	577	0	577	577	577
Brownhills community technology college	14	2	14	0	0
Devolved capital	8,018	1,609	4,018	4,000	4,000
Extended services	1,059	774	1,059	0	0
Harnessing technology	1,017	664	767	250	250
Modernisation - all schools	3,132	870	3,132	0	0
Pathfinder short breaks (Aiming high for disabled children)	391	43	391	0	0
Primary capital programme	10,188	1,924	5,188	5,000	5,000
School travel plans	278	52	178	100	100
Specialist schools - Jane Lane	44	30	44		0
Specialist schools - Willenhall sports college	3	0	3	0	0
Surestart, early years and child care grants	1,996	885	1,996	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	267	177	267	0	0
<b>Total Non Mainstream</b>	<b>50,277</b>	<b>16,138</b>	<b>33,019</b>	<b>17,258</b>	<b>17,258</b>
<b>Total Children's Capital</b>	<b>62,397</b>	<b>17,884</b>	<b>39,375</b>	<b>23,022</b>	<b>23,022</b>