

**EDUCATION AND CHILDRENS SERVICES
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 11**

24 NOVEMBER 2015

**CORPORATE FINANCIAL PERFORMANCE - QUARTER 2 FINANCIAL
MONITORING POSITION FOR 2015/16**

Ward(s) All

Portfolio: Councillor Towe – Learning, Skills and Apprenticeships
Councillor Hughes – Care and Safeguarding

Summary of report

This report summarises the forecast revenue and capital outturn position for 2015/16, based on the financial performance for the first 5 months of the financial year (April 2015 to August 2015), for services within the remit of the Education and Childrens Services Scrutiny and Performance Panel.

Reason for scrutiny

To inform the panel of the forecast financial position for 2015/16 for services within their areas of responsibility.

Recommendation

1. To note that the forecast 2015/16 year end financial position for services under the remit of the Education and Childrens Services Scrutiny and Performance Panel is a revenue over spend of **£4.259m**, (net of the use of earmarked reserves and assuming the full implementation of currently undelivered action plan items). As agreed by Cabinet at their meeting on 28 October 2015 one off corporate reserves of **£4.26m** will be allocated to the Directorate to offset these pressures.

Without the use of service reserves (excl. those reserves being utilised in relation to the Dedicated Schools Grant of £5.921m), corporate reserves set out above and implementation of the remaining actions, the over spend would be **£7.484m**.

2. To note that the forecast 2015/16 capital position is that the resources of **£10.400m** will be fully utilised in year. The Children's Services Forecast Capital outturn 2015/16 is summarised – table 2, page 8.
3. To note the actions being taken to address the areas of over spend.

Background papers

Various financial working papers.
2015/16 Budget Book on Council's Internet and Intranet

Resource and legal considerations

The Council is required to set a balanced budget and requires services to operate within their approved budget allocation. Any variances are required to be managed as far as is reasonably possible. The revenue and capital financial monitoring is reported quarterly to overview and scrutiny committees along with corrective action plans when variances arise. All accounting entries are undertaken in line with the required corporate and statutory accounting guidance and standards.

Citizen impact

Resource allocation is aligned with service activity and is undertaken in accordance with the Council's corporate plan priorities.

Environmental impact

Services within the remit of this overview and scrutiny committee 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 put in place to mitigate overspends where possible, with any remaining variances against budget 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

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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1 Forecast Revenue Outturn 2015/16

- 1.1 The forecast revenue outturn for 2015/16 for the Childrens Service's Directorate (based on the position as at the end of August 2015) is an over spend of £4.259m (net of the use of earmarked reserves and assuming the full implementation of currently undelivered action plan items). As agreed by Cabinet at their meeting on 28 October 2015 one off corporate reserves of £4.26m will be allocated to the Directorate to offset these pressures.

Prior to the use of service reserves (excl. those reserves being utilised in relation to the Dedicated Schools Grant of £6.016m), corporate reserves set out above and implementation of the undelivered action plan the over spend is £7.389m.

The outturn shown is based on actual information from the Oracle system and discussions with managers regarding year-end forecasts and achievement of approved savings. The Children's Services Directorate is also monitoring the financial position closely and seeking to identify any further actions that can be taken to reduce the pressure identified alongside the use of one off corporate funding that has been allocated.

- 1.2 The forecast outturn includes use of reserves, where approval has been given by Cabinet for additional funds to be utilised for specific services, totalling £8.140m. The predicted outturn includes transfers of £0.030m relating to windfall income generated from Truancy fines.
- 1.3 The forecast outturn includes a delivered action plan of £0.787m. This comprises utilisation of one off funding to offset in year pressures, holding staff vacancies and a Directorate wide freeze on non-essential spend. The full action plan is detailed further in **Appendix 2**, which also sets out the undelivered actions totalling £1.036m that are still to be implemented. A number of these actions (specifically those seeking to utilise one off funding) are subject to approval by Cabinet prior to being included within the outturn forecast.
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for material forecast variances.
- 1.5 The forecast outturn only includes areas where there is a high degree of certainty about predicted under / over spends. Where a significant overspend is forecast or a new pressure identified the Directorates Management Teams, through their budget meetings, are responsible for identifying in year actions to mitigate this position and ensure, as far as is possible, that the budget is balanced at the end of the year.
- 1.6 Included within the approved budget for 2015/16 are £4.386m of approved savings relating to services within the remit of this panel (details are available in the corporate budget book). An update on the achievement of 2015/16 approved savings is reported monthly to CMT as part of the corporate performance report. Any savings that are not forecast to be achieved in year are required to have alternative savings identified and are managed closely through the relevant service management teams and in liaison with the relevant portfolio holder.

- 1.7 Of the £4.386m savings, £2.044m have been delivered in full (RAG blue) with £1.698m expected to be delivered by 31 March 2016 (RAG Green), £0.644m not expected to be delivered with low risk (RAG amber), and £0.000m which are currently shown as high risk (RAG red).
- 1.8 Within the services associated with the panel there are a number of risks totalling £1.158m (impact assessment adjusted) 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 an under or over spend. If the risks become certainties then alternative action will need to be identified or included in the position as over spends. A summary of the risk assessment is attached as **Appendix 3**.

Table 1 – Childrens Services Forecast Revenue Outturn 2015/16

Service	Annual Budget	Profiled Budget	Actual to Date	Variance to Date	Year End Forecast	Variance before Reserves	Undelivered Action Plan	Use of Reserves	Transfer to Reserves	Variance after reserves and action plan
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Childrens Wide										
Childrens Management Team	0.456	0.190	0.214	0.024	0.438	(0.017)	0.000	(0.061)	0.000	(0.079)
Administrative Services	1.825	0.760	0.741	(0.020)	1.784	(0.041)	0.000	0.000	0.000	(0.041)
Performance Services	0.197	0.082	0.111	0.029	0.240	0.043	0.000	0.000	0.000	0.043
Information Services	0.435	0.181	0.148	(0.033)	0.354	(0.081)	0.000	0.000	0.000	(0.081)
Total Childrens Wide	2.913	1.214	1.214	0.000	2.816	(0.097)	0.000	(0.061)	0.000	(0.158)
Access & Achievement										
Access & Achievement Management	0.237	0.099	0.072	(0.027)	0.844	0.607	0.000	(0.607)	0.000	0.000
School Improvement	0.714	0.297	0.299	0.001	0.839	0.125	(0.032)	(0.125)	0.000	(0.032)
Access & Attendance	0.472	0.197	0.152	(0.045)	0.442	(0.030)	(0.111)	0.000	0.030	(0.111)
Early Years	0.000	(0.095)	(0.095)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Virtual School	0.245	0.102	0.127	0.025	0.287	0.042	(0.031)	(0.012)	0.000	0.000
Youth Support Services	2.267	0.945	1.293	0.349	2.572	0.305	(0.005)	(0.108)	0.000	0.192
Youth Justice Services	0.788	0.328	0.291	(0.037)	0.729	(0.058)	0.000	(0.042)	0.000	(0.100)
Education Funding – Accountable body	(4.772)	(1.988)	(2.120)	(0.132)	1.245	6.016	0.000	(5.921)	0.000	0.095
Education - Mainstream	1.916	0.798	0.799	0.000	1.655	(0.261)	0.000	0.000	0.000	(0.261)
Total Access & Achievement	1.867	0.683	0.816	0.133	8.613	6.746	(0.179)	(6.815)	0.030	(0.217)
Childrens Social Care										
Childrens Social Care Management	1.317	0.549	0.570	0.021	1.400	0.083	(0.042)	0.000	0.000	0.041
Safeguarding Board	0.111	0.046	0.070	0.024	0.136	0.025	0.000	(0.025)	0.000	0.000

Practice Development	0.089	0.037	0.032	(0.005)	0.082	(0.007)	0.000	0.000	0.000	(0.007)
Safeguarding – Review & Child Protection	1.304	0.543	0.641	0.097	1.544	0.240	0.000	0.000	0.000	0.240
Initial Response Service	1.979	0.825	1.626	0.802	2.805	0.826	(0.003)	0.000	0.000	0.823
Permanence – Safeguarding & Family Support	2.705	1.127	1.523	0.396	3.389	0.684	0.000	0.000	0.000	0.684
Corporate Parenting – Looked After Children	13.643	5.685	7.253	1.569	17.655	4.012	(0.007)	0.000	0.000	4.006
Corporate Parenting – Transition & leaving Care	0.805	0.336	0.388	0.053	0.827	0.022	(0.027)	0.000	0.000	(0.005)
Provider Services – Fostering & Adoption	2.925	1.219	1.504	0.286	3.435	0.510	(0.017)	(0.007)	0.000	0.486
Provider Services – Residential Services	3.922	1.634	1.553	(0.081)	3.821	(0.101)	(0.004)	0.000	0.000	(0.105)
SEN Transport	1.862	0.776	0.822	0.046	2.162	0.300	0.000	0.000	0.000	0.300
Children with Disabilities	2.246	0.936	0.884	(0.051)	2.234	(0.012)	(0.028)	0.000	0.000	(0.040)
Special Education Needs	2.121	0.884	0.891	0.007	2.377	0.256	(0.004)	(0.252)	0.000	(0.001)
Total Social Care	35.029	14.596	17.759	3.164	41.866	6.838	(0.133)	(0.284)	0.000	6.420
Early Help										
Early Help Management	0.331	0.138	0.279	0.142	0.346	0.015	0.000	0.000	0.000	0.015
Children Centres	3.422	1.426	1.703	0.277	3.072	(0.350)	(0.721)	(0.390)	0.000	(1.461)
Early Help 0-9	0.406	0.264	0.233	(0.031)	0.326	(0.079)	0.000	(0.047)	0.000	(0.127)
Early Help 9-19 (25)	0.657	0.274	0.331	0.057	0.720	0.062	0.000	(0.085)	0.000	(0.023)
Edge of Care	0.000	0.000	(0.047)	(0.047)	0.000	0.000	0.000	0.000	0.000	0.000
Troubled Families	0.001	0.000	0.081	0.080	0.247	0.246	0.000	(0.438)	0.000	(0.192)
Commissioning & Transport	0.328	0.137	0.145	0.008	0.332	0.003	0.000	0.000	0.000	0.003
Workforce Development	0.029	0.012	0.019	0.007	0.048	0.020	(0.003)	(0.020)	0.000	(0.003)
Total Early Help	5.174	2.251	2.743	0.492	5.091	(0.083)	(0.724)	(0.980)	0.000	(1.787)
Total Childrens Services	44.982	18.743	22.531	3.789	58.387	13.405	(1.036)	(8.140)	0.030	4.259

2 Forecast Capital Outturn 2015/16

2.1 The forecast capital outturn for 2015/16 for the schemes under the remit of this panel (as at the end of August 2015) is full utilisation of the resources of £10.400m shown in Table 2.

Table 2 – Childrens Services Forecast Capital Outturn 2015/16					
Service	Annual Budget	Actual to Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16
	£m	£m	£m	£m	£m
<u>Council Funded</u>					
Mosaic	1.079	0.238	1.079	0.000	0.000
Rushall JMI Improvements	1.815	0.522	1.815	0.000	0.000
Total Council Funded	2.894	0.760	2.894	0.000	0.000
<u>Externally Funded</u>					
Devolved Formula Capital	0.780	0.058	0.780	0.000	0.000
Capital Maintenance	2.477	0.481	2.477	0.000	0.000
Basic Need	1.556	0.743	1.556	0.000	0.000
Universal Infant Free School Meals Phase 1	0.108	0.010	0.108	0.000	0.000
Universal Infant Free School Meals Phase 2	0.159	0.000	0.159	0.000	0.000
Targeted Capital bids - Barcroft - CFR 497 BARCROFT PRIMARY NEW BUILD CONSTRUCTION COSTS	0.052	0.008	0.052	0.000	0.000
14-19 diplomas, SEN and disabilities - Alumwell Bec Health Tech	0.107	0.000	0.107	0.000	0.000
Academies - Darlaston	0.334	0.000	0.334	0.000	0.000
Academies - Shelfield	0.664	0.245	0.664	0.000	0.000
Youth capital funding	0.018	0.000	0.018	0.000	0.000
2 yr old capital funding	1.250	0.145	1.250	0.000	0.000
Total Externally Funded	7.505	1.690	7.505	0.000	0.000
Total Capital	10.400	2.450	10.400	0.000	0.000

Appendix 1 – Explanation of Significant Revenue Variations after action plan and use of reserves

Service	Variance £m	Main Reason/ Explanation of Variance
Childrens Management	(0.079)	Variance before use of reserves of (£0.017m). (£0.061m) reserve used to offset premium cost of interim AD. Variance after use of reserves of (£0.078m) mainly relating to (£0.090m) Realignment of expenditure budget following increase in grant income for the school admissions team.
Administrative Services	(0.041)	Variance before and after use of reserves (£0.041m) as a result of delay in recruiting to number of admin posts after completion of restructure
Performance Services	0.043	Variance before and after use of reserves £0.043m. £0.016m due to salary budget shortfall & £0.027m pressure due to 2 x PARIS employee costs transferred from Adult SC for 6 months. £0 reserves.
Information Services	(0.081)	Variance before reserves and after use of reserves (£0.081m) due to additional traded income from schools. £0 reserves. Variance after reserves (£0.081m).
Access & Achievement Management	(0.000)	Variance before reserves £0.607m. Use of reserves (£0.607m) which is utilisation of historic education grants for various School Improvement projects. Variance after reserves £0m.
School Improvement	(0.032)	Variance before reserves and action plan items £0.125m due to 3 x new SIP posts. Action Plan item (£0.125m). Variance after reserves and action plan (£0.032m).
Access & Attendance	(0.111)	Variance before reserves and action plan items (£0.030m) due to excess income from truancy fines. Transfer to reserves £0.030m. Action Plan item (£0.101). Variance after reserves and action plan item (£0.111m).
Early Years	0.000	No Variance forecast
Virtual School	(0.000)	Variance before reserves £0.042m due to redundancy costs and pressures on salary budgets. Use of reserves (£0.011m) for redundancy costs. Action Plan item - use of Pupil Premium grant (£0.031). Variance after reserves £0.
Youth Support Services	0.192	Variance before reserves and action plan items £0.305m which is due to £0.04m pressure from the TUPE cost of staff transferring as part of the Prospects contract, £0.108m Education Business Partnership net expenditure, £0.157m pressure for Targeted Youth Work restructure model. Use of reserves (£0.108m) Education Business Partnership. Variance after reserves and action plan items (£0.192m).
Youth Justice Services	(0.100)	Variance before reserves (£0.058m) which is in relation to YJB £0.042m additional costs for

		appropriate adult, (£0.100m) Targeted Youth Support due to surplus on salary budgets as vacancies within team. Use of reserves (£0.042m) YJB appropriate adult costs. Variance after use of reserves (£0.100m)
Education Funding – Accountable body	0.095	Variance before use of reserves £6.016m due to utilisation of DSG surplus of £5.921m from previous years and £0.095m due to reduction in Education Services Grant. Use of reserves (£5.921m) DSG surplus. Variance after use of reserves £0.095m.
Education - Mainstream	(0.261)	Variance before and after use of reserves and Action Plan items (£0.261m). (£0.305m) Premature Retirements due to budget underspends, £0.053m CRB costs based on previous year costs, (£0.021m) Pension Gratuities due to surplus budget. £0.012m cost of postal courier service to schools and printing of ES order pads for schools.
Childrens Social Care Management	0.041	Variance before use of reserves and action plan items £0.083m. £0.049m un-budgeted Mosaic revenue expenditure, £0.027m Interpretation costs, £0.046m Legal fees, (£0.055m) Housing Extension budget forecast to be unutilised and £0.016m other non staffing pressures. Action plan item (£0.042). Variance after reserves and action plan items £0.041k
Safeguarding Board	0.000	Forecast variance before use of reserves £0.025m relates to overall expected board costs including salaries utilising under spend from previous year carried forward. Use of reserves £0.025m. Variance after use of reserves £0.000.
Practice Development	(0.007)	Variance before and after use of reserves (£0.007m) due to an un-filled vacant post.
Safeguarding – Review & Child Protection	0.240	Variance before and after use of reserves £0.240m. £0.064m 2 additional IRO posts agreed for 6 months, £0.176m 3 agency workers, 2 covering vacancy, 1 covering maternity leave.
Initial Response Service	0.823	Variance before use of reserves and action plan items £0.826m, action plan item £0.003m. Variance after action plan item £0.823m of which, £0.776m 20 agency staff in team as at 01.09.15 covering a number of vacancies within the service, £0.049m Market Supplement forecasted for current staff from July 15.
Permanence – Safeguarding & Family Support	0.684	Variance before and after use of reserves £0.684m. 15 agency staff in team covering 7 vacancies, 4 maternity leave cover, 3 secondment cover and 1 additional to increase capacity within the service.
Corporate Parenting – Looked After Children	4.006	Variance before use of reserves and action plan items £4.012m, £3.752m overspend on LAC placements, 638 LAC as at Aug '15 forecast to continue throughout the financial year, £0.125m LAC Social Worker Team agency cover, Contact forecast overspend of £0.136m reflecting existing pressure based on 14/15 demand with the service under review for new model to deliver service. Variance after reserves and action plan items £4.006m

Corporate Parenting – Transition & leaving Care	(0.005)	Forecasted variance before use of reserves and action plan items £0.022m mainly due to agency cover. Variance after reserves and action plan item (£0.005m)
Provider Services – Fostering & Adoption	0.486	Variance before use of reserves and action plan items £0.510m. Reserve used for Adoption Reform carry forward expenditure (£0.007m). Overspend after use of reserve £0.503m, forecasted over spends £0.300m SGOs, £0.012m Inter agency Adoption fees, Residence Orders £0.029m, £0.012m Panel Members, £0.150m Agency cover.
Provider Services – Residential Services	(0.105)	Forecasted variance before use of reserves and action plan items (£0.101m). (£0.081m) under spends forecast on staffing & sessional worker budgets across the 5 homes, net agency cost of 2 workers, one covering vacancy, one covering sickness. (£0.020m) on Client related expenditure. Variance after reserves and action plan items (£0.105m)
SEN Transport	0.300	Variance before & after use of reserves £0.300m as a result of overspends of £0.304m on SEN School Transport partly offset by forecast underspends on salaries of (£0.004m).
Children with Disabilities	(0.040)	Variance before use of reserves and action plan item of (£0.012m) as a result of an overspend of £0.119m on CWD Team, part offset by a forecast underspend of (£0.107m) on Short Break packages and (£0.024m) on Direct Payment. Variance after reserves and action plan items (£0.040m)
Special Education Needs	(0.001)	Variance before reserves and action plan item of £0.256m. Reserve used for SEN Reform of (£0.077m) and SEND New Burdens (£0.175m). Action Plan item (£0.005k), Variance after the use of reserves and action plan item of £0.001m, as a result of overspend of £0.017m in Education Psychology, part offset by an underspend of (£0.014m) in SEN Assessment Team.
Early Help Management	0.015	Variance before & after use of reserves £0.015m as a result of £0.008m salaries overspend, £0.005m overspend on Youth of Walsall Survey and £0.002m overspend on mobile phones
Children Centres	(1.461)	Variance before use of reserves and Action Plan Items (£0.350m) as a result of service re-design to meet 15/16 savings proposals for Children’s Centres being implemented. Action Plan item (£1.100m). Variance after Reserves and Action Plan items (£1.461m)
Early Help 0-9	(0.127)	Variance before use of reserve of (£0.079m). Reserves used to support Parenting Team activity of (£0.047m). Underspend after the use for reserves of (£0.127m) split across Early Years projects, Early Years Development and Area Family Support Teams (£0.125m of this given up to the action plan).
Early Help 9-19 (25)	(0.023)	Variance before use of reserves and action plan item of £0.062m. Reserve of (£0.085m) used to fund Local Area Coordinators. Underspend after use of reserves of (£0.023m) as a result of overspend on Intensive Family Support Team of £0.018m, part offset by (£0.002m) underspend

		on Early Help Resource Panel.(£0.040m) used towards action plan
Edge of Care	0.000	No Variance Forecasted
Troubled Families	(0.192)	Variance before use of reserves and action plan of £0.246m. Reserve use of (£0.246m) to support Troubled Families Team, additional use of (£0.192m) reserve to support Action Plan.
Commissioning & Transport	0.003	Variance before & after use of reserves £0.003m pressure on Commissioning Team salaries due to historic budget shortfall.
Workforce Development	(0.003)	Variance before use of reserves and action plan items £0.020m. Reserves totalling (£0.020m) used to support Workforce Team activities in year. Variance after reserves and action plan items (£0.003m)
Total Childrens Services	4.259	

Appendix 2 – Action Plan

Action	Value of Delivered Action Plan included in outturn £m	Value of action plan to be Delivered £m	RAG
Additional Corporate reserve to offset interim Management Costs	0.040	0.000	Green
School improvement reserve to offset one off priority costs	0.125	0.000	Blue
Utilisation of historical truancy fine income	0.000	0.101	Green
Explore options to utilise pupil premium to offset virtual school pressure	0.000	0.031	Green
Freeze on non-essential spend	0.000	0.194	Blue
Children's centre external bank accounts	0.390	0.710	Yellow
Balance of local area co-ordinator reserve	0.040	0.000	Blue
Use of uncommitted remaining phase 1 & 2 TF reserve	0.192	0.000	Blue
Remove of 4 agency Social workers as a result of successful recruitment drives	0.000	0.035	Red
Total Childrens Services	0.787	1.071	

Appendix 3 – Risks associated with 2015/16 month 5 position

Service	Reason / explanation of risk	Risk £m
Education - Mainstream	EDC and Pupil Support Centre Field Road Premises costs.	0.238
Corporate Parenting – Looked After Children	LAC numbers increase throughout the year due to an unavoidable increase in need for the service.	0.400
Corporate Parenting - Friends & Family Placements	No placement fees are paid to these carers at present, however this is subject to a legal challenge and therefore the authority is taking action to offer these carers a payment for the children they care for if they are prepared to undertake formal training	0.320
Corporate Parenting - Various	Agency Numbers increase due to the need for business continuity following additional demand for services and management of the current staffing position which would see the service relying on additional agency staff to support the service, therefore incurring additional premiums on staffing costs.	0.200
TOTAL RISK		1.158