

REVENUE BUDGET MONITORING REPORT 2008/09**Report By: Finance Manager****Wards Affected**

Countywide

Purpose

1. To report on the monitoring of the revenue budget for 2008/09 for the Children & Young People's Directorate.

Financial Implications

2. As set out in the report

Background

3. The previous report to Cabinet on the 2nd October 2008 predicted a £267,000 overspend. The Directorate's financial position has now improved by £261k since August 2008. This is mainly because of a £171k improvement in the Inclusion & Improvement service arising from planned better use of General Surestart Grant and a reduction in the Joint Agency Management budget. Additionally a projected overspend of £120k in the Directorate's computer budget has been largely absorbed by an improving school transport position within the Planning, Performance and Development division. Overall a very small overspend of £6k is forecast.
4. A new directorate management structure has been implemented from 1 July 2008. This saw special educational needs (SEN) and school improvement combined in a new Inclusion & Improvement service. A Planning, Performance and Development service has also been established as part of the restructure. Other services (except Safeguarding & Assessment) will be devolved to locality teams in time. Budget monitoring now reflects the new directorate structure for 2008/09 however there will continue to be budget changes in each division as budget responsibilities are finalised.

Directorate Central Budgets

5. The Dedicated Schools Grant funds many central SEN services but does not fund the remaining education services such as strategic management, SEN assessment, asset management and transport which are the Council's responsibility.
6. Some central directorate budgets are not allocated to individual service divisions and these budgets are forecast to overspend; comprising of the savings target of £205k, which will reduce as savings continue to be realised, and an overspend of £58k on advertising for new Heads of Service and interim management costs. The ICT budgets (including an £120k overspend) have transferred to the Planning, Performance and Development Division as part of the Directorate restructuring.
7. The Council is also required to meet any redundancy costs arising from within schools. The budget was overspent by £466k last year and this level of expenditure is expected to continue in future years. For 2008/09 the budget has been increased to

£649k to cover the expected cost however actual costs will not be known until March 2009.

8. The Inclusion and Improvement service budget position has improved since the end of August mainly due to the intended use of General Surestart Grant to offset £100k of family centre costs. The service is now expected to underspend by £120k rather than the previous forecast a £51k overspend as at the end of August. There are some small variances within the service, for example a reduction in School Improvement service income from training courses and forecast underspend on the Joint Agency Management budget and Education Psychology service.
9. Within the Planning, Performance and Development division, School Transport was underspent by £575k in 2007/08. Despite additional school days in the 2008/09 financial year, it is projected that school transport will underspend by £179k. The extra SEN costs following the judicial review are now estimated at £60k. However the cost of DERV has now reduced and is expected to be £100k less than previously expected. Further work is taking place to establish more robust systems of monitoring and forecasting transport expenditure.
10. There are projected overspends of £123,000 on the Directorate's ICT budgets resulting from the ending of standards fund grant and SLA costs. Property and asset management is expected to underspend by £41,000. Overall Planning and Performance is projected to underspend by £118k.
11. Locality teams have not yet been implemented within the Directorate and so the relatively small budget of £100,000 is expected to spend on budget in 2008/09.

Children's Social Care / Safeguarding and Assessment Services

12. Analysis of the number of residential and external agency placements shows a continuing rise in the number of placements. For background it should be noted that there were 24 placements in April 2006, peaking at 35 in May 2007 before falling back to 29 placements in March 2008. This level has continued with 29 placements in July 2008. Although external placements have reduced from last year's high point, the number of future placements can vary. Therefore, it is prudent to expect numbers to rise to an estimated 32 residential and fostering places during the remainder of the year. These placements can be expensive and typically each one costs in excess of £150k. Hence any additional placements will significantly impact on the forecast expenditure. The Council has a statutory responsibility to meet the needs of individual children if such placements are necessary.
13. In-house fostering placements have risen from 102 in April 2007, peaking at 113 in February 2008 before falling back to 98 in September 2008. This gives a projected overspend on the fostering budget of £68k on in-house fostering and £60k on agency fostering.

Dedicated Schools Grant 2008/09

14. Notification of the final grant allocation has been received and the final allocation of £85.16m is £112k more than the budget planning total. Schools Forum in July 2008 agreed to retain the additional grant to cover possible budget overspends in 2008/09.
15. The 2007/08 underspend of £1.2m has been distributed schools and £50k of the underspend used to match fund a pilot scheme in two school partnerships to support integrated partnership working between cluster schools. This pilot scheme has been approved by DCSF.

16. An underspend in DSG of £474k is currently forecast comprising mainly applications for new banded funding (£203k), Joint Agency Management (£127k) and the additional grant (£112K). Dedicated Schools Grant is ring-fenced and any under or over spend must be carried forward to 2009/10.

RECOMMENDATION

THAT the report be noted

BACKGROUND PAPERS

Summary of Cedar financial reports and forecast for October 2008