

**CABINET REPORT: FINAL REVENUE AND CAPITAL OUTTURN 2008/09,  
4 June 2009**

**CHILDREN & YOUNG PEOPLE'S SERVICES SECTION**

**Final Outturn Summary**

	<b>December 2008 Net over or (under) spend  £'000</b>	<b>Outturn 2008/09 Net over or (under) spend  £'000</b>
Safeguarding Vulnerable Children	(30)	96
Planning, Performance & Development	(35)	(356)
Inclusion & Improvement	(240)	(573)
Grants (inc ABG)	0	37
Central Directorate	179	288
Community Operations	(10)	(25)
<b>Total</b>	<b>(136)</b>	<b>(533)</b>

The Budget Monitoring Report to Cabinet on 18<sup>th</sup> February 2009, based on expenditure to 31<sup>st</sup> December 2008, forecast that the Children's revenue budget would be underspent by £136k. Further budget analysis and improvements in forecasting provided a later report to Scrutiny Committee in March 2009 and, based on expenditure to 28<sup>th</sup> February 2009, the Directorate projected a surplus of £567,000. This is in line with the final outturn position contained in this report.

**Safeguarding Vulnerable Children**

External agency residential placements were underspent by £209k because there were 3 less placements than at the start of the year. Looked After Children over spent by £298k because there were 12 more children in agency fostering than at the start of the year. Other variances included additional advertising costs resulting in a net overspend of £96k.

**Planning, Performance & Development**

The underspend on the transport budget was £494k. This is across a number of areas of transport provision. Significant factors producing this underspend includes the reductions in diesel fuel prices since the beginning of the financial year compared to those forecast, and the continuing annual route reviews which release savings. Work has taken place this financial year between the Directorate and Financial

Services to provide a more effective monitoring system. This has enabled the Directorate to release £100k as part of the council's Performance Improvement Cycle (PIC) process. The Directorate's ICT budget has overspent by £145k due to ICT Service Level Agreement costs and expenditure on ICT system licenses which were previously funded from Standards Fund grants. Other smaller underspends of £7k contributed to a net £356k underspend for the service.

### **Inclusion & Improvement**

The Inclusion and Improvement Service budget position has underspent by a total of £573k comprising of a number of underspends on individual services e.g. the Joint Agency Management (JAM) budget of £206k due to fewer children with complex special needs, an underspend on the Early Years budget due to a contribution of £220k mainly due to use of the Early Years & Childcare Grant for the Hollybush Children's Centre and underspend of £148k on the Psychology and SEN teams. Smaller underspends were achieved on management costs of £54k due to staff retirements and the Youth Offending Service (provided jointly with Worcestershire). In terms of JAM a projected deficit of £54k has already been indicated for this financial year.

The underspends listed above were offset by overspends on the School Improvement Service of £49k due to reduced income from in-service training courses for schools and the Youth Service staffing of £34k.

### **Grants**

Grant income in excess of £20 million is received by the Directorate and includes General Surestart Grant (£3.4m) and Standards Fund of £13.2m which is largely devolved to schools. There was a small net overspend of £37k largely caused by an overspend of £33k on ICT due to the ending of the Standards Fund grant. The Area Based Grant of £3.8m is managed by the Children's Trust and contains a range of activities traditionally delivered or commissioned by the Directorate. Work is ongoing with the Children's Trust as one of the Herefordshire Partnership Policy and Delivery Groups to ensure that the money is targeted in the most effective way for children and young people. For the financial year 2008/2009, alongside other partnership groups, the Children's Trust continued with the previous years spending areas whilst the effectiveness of each service area was reviewed.

### **Central Directorate**

Efficiency Savings of £200k were realised during the year, but not allocated to specific budget areas. Additionally there was an overspend on interim management costs of £54K and recharges of £31k resulting in a net overspend of £288k.

The number of redundancies in schools contractually agreed by 31<sup>st</sup> March, 2009, was less than in previous years due to the shift to more compulsory redundancies which are more complex and longer to process. Because the number of redundancies in total is not any less than in previous years, it is proposed by the Director of Resources to establish a reserve of £294k to ensure that funds are available to meet the continuing redundancy costs in schools due to falling rolls.

## **Community Operations**

There was an underspend of £25k. This was due to reduced expenditure on staffing budgets arising from delayed appointments, to enable expenditure to be available for the development of new posts, and offsetting the budget for parenting classes against external grants applied for and won by the council.

## **Dedicated Schools Grant (DSG)**

An underspend in Dedicated Schools Grant (DSG) of £1.5m has been carried forward to 2009/10 as required by the grant regulations.

Underspends on central services to pupils were as follows:

- a. Banded Funding (£332k) due to reduced applications from schools prior to delegation from April 2009.
- b. Early years (£300k) due to the use of £217k of general surestart grant to support the budget that was not planned for when the budget was originally set
- c. Savings on the Joint Agency Management budget and other budgets for pupils with complex needs of £268k due to fewer pupils than expected

Underspends on the Individual Schools Budgets were:

- a. Rates rebates for 2008/09 received for voluntary aided schools of £186k
- b. Additional income in DSG due to extra pupils of £279k
- c. Unused contingencies of £225k
- d. Additional income from the Learning Skills Council of £55k

Additionally an overspend of £123k on the Schools Music Service has been carried forward and will be recovered in 2009/10 mainly by increased charges to schools and efficiencies in the service. The overspend has arisen in part due to the reduced level of standards fund grant carried forward from 2007/08 not being reflected in the charges made to schools and also the lack of funding allocated from end of year underspends.

In total rates rebates of £1,054,205 have been received for charitable rates relief for voluntary aided schools going back to 2000. This rates relief has also been received by other local authorities with education responsibilities. The rebates (£186k) relating to 2008/09 have been carried forward as part of the DSG underspend and the remaining £868,537 is to be carried forward as a reserve.

Due to the complexity of Dedicated Schools Grant, introduced in April 2006 and the previous passporting regulations prior to 2006, The Department for Children, Schools and Families (DCSF) have advised that the council should seek a legal opinion on how the rates underspend can be used prior to making any decision. This opinion has not yet been received, and once available Schools Forum will be consulted on the use of all the underspends within the Dedicated Schools Grant. This will then help inform the use of the reserve.