

MEETING:	CHILDREN'S SERVICES SCRUTINY COMMITTEE
DATE:	28TH SEPTEMBER 2009
TITLE OF REPORT:	REVENUE BUDGET MONITORING REPORT 2009/10
PORTFOLIO AREA:	Children's Services

Wards Affected

County-wide

Purpose

To report on the monitoring of the Children's Services revenue budget for 2009/10 and provide comparisons to 2008/09 budget and outturn.

Key Decision

This is not a key decision

Recommendations

THAT Children's Services Scrutiny Committee:

- (a) **considers the format of this report and its suitability for future meetings;**
- (b) **comments and scrutinises the figures contained herein.**

Key Points Summary

- The directorate under spent by £533k in 2008/09 and is currently projecting to over spend by £755k for 2009/10
- The projected over-spend is primarily due to the increasing pressures within Safeguarding services.
- The Children and Young People's Directorate (CYPD) Leadership Team is undertaking a detailed review of current services and staffing requirements to address the projected over-spend and to enable Children's Services to be robust in structure to meet increasing demands in a time of mounting budgetary pressures.
- As part of this work the extended leadership team of the Directorate is being reorganised and some key new appointments made. Consultation and work will continue throughout the autumn to finalise the service arrangements for the different sections of the Directorate, though Planning, Performance and Development (PP&D) already went through a significant reorganisation to make it fit for purpose in 2008. Whilst making these new and necessary changes, the Director is aware of the overall requirement for budgetary control.

Further information on the subject of this report is available from
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Alternative Options

- 1 This report is a monitoring report. There are alternatives in terms of the format if Scrutiny Committee wish to see figures presented in the Appendices in different ways.

Reasons for Recommendations

- 2 To enable Scrutiny Committee to carry out its function in relation to the Children's Services revenue budget for 2009/10.

Introduction and Background

- 3 At the last Scrutiny Committee meeting members requested a more detailed report on the projected position for Children's Services and expressed an interest in comparing the current year's budget and projected outturn to the corresponding figures for 2008/09. The current report has been amended to include this level of detail and members are requested to provide feedback on the format of the report which, if approved, will provide the template for future reports.
- 4 Additional information has also been provided to offer further analysis on the expenditure which is grant funded to show the varied sources of funding provided and the breadth of services delivered by the Directorate.

Key Considerations

- 5 In the following figures it should be noted that the corporate recharges and the related budgets are only allocated at the end of the financial year. The summary report for 2008/09 in section 6 therefore shows the net under spend including the corporate recharges. The tables in Appendices A-C show comparisons for 2009/10 versus 2008/09 reports last year excluding corporate recharges for ease of comparison.
- 6 The outturn for 2008/09 reported a net under-spend of £533k including corporate charges. The table below shows the material variances by service area:

<u>£'000</u>	Budget (inc corporate recharges)	(Over) / under spend (including corporate charges)
Central Directorate and Corporate Costs	3,092	(288)
Improvement and Inclusion (I&I)	5,652	573
Planning, Performance & Development (PPD)	13,571	356
Safeguarding Vulnerable Children	12,144	(96)
Community Operations	150	25
Grants (including ABG)	3,099	(37)
Total Budget and Under spend	37,708	533

Children's Service Scrutiny Committee discussed the outturn of the Directorate budget at its last meeting, but to refresh Members' understanding the main reasons for the variances are given below:

- 6.1 The primary variance within the Central Directorate was due to the inclusion of a directorate wide target saving of (£159k) which was actually achieved across the directorate as a whole with significant savings made by Inclusion & Improvement & PP&D.
- 6.2 Within the Improvement and Inclusion team the requirements for contributions to Joint Agency Managed cases budget (used for independent placements for pupils with special educational needs) by the local authority was lower than anticipated by £206k as a result of fewer children than planned requiring support. The other major area of under-spend resulted from a reallocation of Early Years costs for Hollybush Children's Centre to ensure the grant was fully utilised saving £220k.
- 6.3 Within the PP&D service area the major under spend came within the School Transport section at £494k, arising from a combination of factors including route rationalisation and lower fuel prices than anticipated earlier in the year. These savings were used to partially offset the cost of the ICT SLA corporate recharge at (£95k) more than allocated budget and software licence costs at (£50k) in excess of the budget.
- 7 Appendix A shows the budget and projected Local Authority Expenditure for 2009/10 with 2008/09 comparatives. In summary this is currently showing a net over-spend of £755k which relates largely to expenditure within Safeguarding Vulnerable Children, with contributions to achieving the directorate wide target savings coming from Inclusion & Improvement and Planning, Performance and Development teams. The primary contributory factors are detailed below.
- 8 The cost of external residential agency placements is broadly in line with both budget and actual spend for 2008/09. This is a volatile area of spend due to the difficulty in anticipating the numbers of children who will require this type of care and also the length of time it will be needed. For prudence the current forecast assumes that the current numbers of children remain in care for the remainder of the financial year.
- 9 The fostering and other looked after children costs are currently projecting an over spend of £642k versus budget and £384k higher than 2008/09 actual spend. This is in part due to increased court costs and also due to the high costs of agency fostering. We have introduced higher payments to our own foster carers and a training programme to increase their skills which in the longer term will reduce the reliance on expensive agency foster parents.
- 10 The Children with Disabilities (non joint agency managed cases) overspend relates primarily to a budget shortfall on two contracts with Marches and Barnados which are subject to an annual increase in price.
- 11 The Family Assessment and Support overspend covers a number of areas including the section 17 payments and a shortfall in the Emergency Duty cover contract following a disaggregation of the budget from Adult Social Care. A detailed review of these payments is currently underway by the new management team with Safeguarding. Staffing costs also play their part in the overspend; though fully staffed CYPD is using a number of agency staff which do cost more.
- 12 The Children with Disabilities budget for the joint agency managed cases (JAM) has been maintained at the 2008/09 budget level for now as each case is very expensive and any budget amendments must be agreed by all concerned parties. This will be monitored on an ongoing basis throughout the year.

- 13 The Children's Service ICT budget has been adjusted to reflect the true cost of licences and to remove a budget anomaly following the centralisation of ICT costs. The negative budget arose as budget equivalent to actual spend was deducted from the CYPD budget when the costs were centralised. As the budget had been over spent this resulted in a budget shortfall which has to be covered within CYPD. The current year over-spend has been offset by savings from within transport for this financial year and a budget adjustment will be made to correct the anomaly.
- 14 The Community Operations forecast includes the full year cost of the Assistant Director and also the commencement of activities in the lead up to the creation of the new locality based teams. The funding of this team will come from the reorganisation of CYPD which is currently underway.
- 15 The over spend on target savings reflects actual one off income and assumes that the savings are found across the directorate through the management of vacancies and other savings.
- 16 The miscellaneous other costs relates to ongoing costs for the Schools' Task Group.
- 17 Appendix B shows the projected outturn for 2009/10 for Dedicated Schools Grant, This has been analysed between schools expenditure and centrally funded schools related expenditure. Overall expenditure is currently assumed to be in line with budget.
- 18 Please note that in 2008/09 all banded funding was held centrally, however for 2009/10 levels 1 and 2 banded funding has been devolved to schools and only the higher requirements of level 3 and 4 are now centrally administered.
- 19 Other miscellaneous expenditure includes the costs for the special casework team, the net position for inter authority recharges (costs for children travelling to schools within Herefordshire and for Herefordshire children attending schools outside the county), also plus an apportionment of corporate overheads.
- 20 To provide members with a full overview of the expenditure incurred by the Directorate Appendix C sets out the major grant funded activities.
- 21 Although for grant funded programmes the net expenditure position is nil for clarity Appendix C includes only the costs incurred to show the true level of spend on Children's Services. Please note that Children's Services are in receipt of many small grants therefore for brevity only the major grant categories are detailed below.
- 22 Another major funding source for Children's Services other than the Area Based Grant and Council funds is the Department for Children Schools and Families (DCSF). This provides two major funding streams through the Standards Fund, and the General Surestart Grant. Both of these grants have a revenue and a capital element, but only the revenue funding is shown below.
- 23 The DCSF also provides additional grants for specific work / development programmes including Contact Point and the new Playbuilder programme.
- 24 CYPD receives various grants from the Children's Workforce Development Council and the TDA which encompass the development of both teaching and non-teaching staff. CYPD is also in receipt of some funding from the Big Lottery Fund to support various play projects across the county. In addition, the 14-19 service area also receives various grants from the Learning Skills Council and others to fund its activities.

- 25 Scrutiny Committee were interested in the Dedicated Schools Grant (DSG) and the rates rebates discussed at previous meetings. In total rates rebates of £1,054,205 have been received for charitable rates relief for voluntary aided schools going back to 2000. The current year rebates (£186k) relating to 2008/09 were carried forward as part of the DSG under spend and the remaining £868,537 for the period 2000-2008 has been carried forward as a reserve.
- 26 On the recommendation of the DCSF legal advice has been sought on the possible uses of the rates rebates. The advice is that the rates rebates relating to the period 2000-2009 should be added to the overall schools budget in order that it can be available for the benefit of all the Council's schools. Specifically, it is advised that "there is a one-off increase in the per pupil allocation in the year that the allocation is made".
- 27 In view of the legal advice it is therefore proposed to distribute all the £1,054,205 rates rebates money to schools on a formula basis to be devised by School Forum Budget Working Party. This formula will ensure a fair distribution over a set period of time to ensure that the additional funding is not immediately clawed back from schools through the balance claw-back scheme. Schools Forum on 29th September will consider a recommendation that there is an initial distribution of the £185,688 rates rebates relating to 2008/09 to all schools at £8.55 per pupil and that the remaining £868,537 will be spread over future years.
- 29 There are further funds available for redistribution to schools from DSG carry forward (£1,280,408) and it is proposed that these should be used for investment purposes in one-off projects. These projects should ensure on-going improvements, developments and efficiencies including ICT developments, resources for schools and contributions towards any Building Schools for the Future initiative that may benefit Herefordshire. Decisions will be made subject to detailed business cases being considered at Schools Forum.

Community Impact

- 30 The work of the Children and Young People's Directorate, including schools and early years settings have wide ranging community impacts, benefiting children and young people and their families across Herefordshire.

Financial Implications

- 31 These are contained in the body of the report. The projected outturn is based upon results to the end of July 2009.

Legal Implications

- 32 The use of budgets including grants must comply with the legal requirements associated with each funding stream and the conditions of specific grants.

Risk Management

- 33 The risks are set out in the body of the report, in terms of the potential overspend. The report notes the actions planned to address this potential overspend.

Consultees

- 34 Not applicable

Appendices

Appendix A – Budget and Projected Local Authority Expenditure for 2009/10

Appendix B – Projected Outturn for 2009/10 for Dedicated Schools Grant

Appendix C – Major Grant Funded Activities