

MEETING:	CHILDREN'S SERVICES SCRUTINY COMMITTEE
DATE:	11 DECEMBER 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 at the end of quarter two. To provide comparisons to 2008/09 budget and outturn so that Scrutiny Committee can assess and comment upon the budget management of Children's Services.

Key Decision

This is not a key decision

Recommendations

THAT Children's Services Scrutiny Committee comments and scrutinises the figures contained herein.

Key Points Summary

- Figures for this report have been adjusted to take into account the actual 1% pay award. The previous report to Scrutiny Committee in September 2009 assumed a 2% pay award,
- The directorate under spent by £533k in 2008/09 and is currently projecting to over spend by £533k for 2009/10. This represents a reduction of £222k since the September report when the over-spend was projected at £755k.
- As a result of the over spend reported to Scrutiny committee in September the Director of Children's Services and the Directorate Leadership Team have actioned several cost savings measures which are largely responsible for the reduced over-spend now being projected.
- Additionally despite the escalating pressures within safeguarding services the Assistant Director has also introduced further cost savings measures to minimise the impact whilst not jeopardising service delivery.
- Work is progressing on the detailed review of current services and staffing requirements to enable Children's Services to be robust in structure to meet increasing demands in a time of mounting budgetary pressures. The outcomes of this ongoing work will not impact on 2009/10 but will generate savings in 2011/12 and beyond and will form part of the

Further information on the subject of this report is available from
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Council's response to the changing economic climate. As part of the development of the Directorate a series of appointments have been made to tier three management positions. These will drive forward the changes necessary to improve the services of the Directorate.

- As reported in September, a significant service pressure continues to be aspects of safeguarding services. This is reflected nationally as well as locally. Since the Baby Peter case there has been a substantial national increase in referrals of concern over child safety and this has led in turn to increased numbers of children subject to child protection plans and children becoming Looked After... On 20th October 2009 Cafcass (the organisation representing children in family courts) reported that "*the three months to September saw an increase in care applications to England's courts of 688 cases, a 47% rise*".
- In Herefordshire in the 12 months to September 2009 there has been an increase of 29% in the numbers of children in agency (independent) fostering placements (an increase from 17 to 22). Over the past 15 months there has been a 220% increase (from 10 children to 22) with a corresponding increase in both court and placement costs.

Alternative Options

- 1 This report is a monitoring report for the committee to scrutinise and comment upon.

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 This report continues the format that was favourably received at the last Scrutiny Committee, and includes the minor revisions suggested.
- 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.
- 5 Some budget virements have been actioned since the last report and the Appendices show the updated budgets, including a corporate adjustment to reflect the 1% pay settlement (previously budgeted at 2%).
- 6 Comparison of both the current projected outturn and those from the September report are shown together with a variance to both budget and the September estimated outturn. Appendices A to C provide an overview of the budget sources and areas of expenditure.

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 tables in Appendices A-C show comparisons for 2009/10 versus 2008/09 reports last year excluding corporate recharges for ease of comparison.

Local Authority Expenditure

- 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 £533k which relates largely to expenditure within Safeguarding Vulnerable Children Services, 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 number of external residential agency placements including agency fostering has increased and therefore costs are running significantly over budget (£449k at the present time and £383k higher than last year's spend). The Assistant Director for Safeguarding has implemented a review of all high cost placements to identify exit strategies and options for lower cost placements (where these are appropriate for the child). For prudence the current forecast assumes that the current numbers of children remain in care for the remainder of the financial year. Work is also taking place to make the most of regional approaches to external placements, which should reduce future cost pressures.
- 9 The fostering and other looked after children costs are currently projecting an over spend of £192k versus budget and £94k higher than 2008/09 actual spend. This is largely due to increased court costs. The Assistant Director for Safeguarding has implemented improved controls and robust challenge process in order to minimise the impact of legal costs. The increase in referrals reported above combined with legislative changes has resulted in a doubling of court costs from 2008/09 (£111k) to 2009/10 (£210k). The budget did not reflect realistic expenditure levels based upon last year costs and is currently projecting an over-spend of £180k versus the £30k budget
- 10 The Family Assessment and Support reporting line now includes an anticipated expenditure of circa £95k for providing Bed and Breakfast to Homeless 16/17 year olds. This has arisen following a legal decision (Homeless 16/17 year olds re: R(G) v Southwark LB) resulting in a requirement for Children's Services to provide accommodation for homeless 16/17 year olds who are below the minimum age to be covered by adult housing provisions. This is a new requirement for all councils for which there is currently no budget. The DCSF has indicated that funding should be sought from within the Supporting People grant which councils have received. Initial investigations by Children's Services staff indicate that most 16/17 year olds will not meet the eligibility criteria, but further action will be undertaken to see if funding can be secured.
- 12 There are two budget areas for Children with Disabilities. The Children with Disabilities (non joint agency managed cases) forecast expenditure has been reduced since the last report as a result of anticipated funding from the Carers Grant held by Adult Social Care (£53k) and other actions taken by the Assistant Director to cap expenditure. 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 can be very expensive. Any budget amendments must be agreed through the formal pooled budget agreement. Spending will be closely 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. This has resulted in a budget shortfall which has to be covered within CYPD. The current year over-spend has been offset by savings 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 (including the recruitment of tier 3 posts in year) 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 under spend on target savings includes actual one off income and currently also includes the estimated savings to be generated as a result of the Directorate budget recovery plan actions.
- 16 The increase in miscellaneous other costs relates to ongoing costs for the Schools' Task Group and charges for the central recruitment team.

Dedicated Schools Grant

- 17 Appendix B shows the projected outturn for 2009/10 for Dedicated Schools Grant. This is subdivided between schools expenditure and centrally funded schools related expenditure.
- 18 In 2008/09 budgets for all new applications for banded funding (bands 1-4) were held centrally (existing commitments were included in school budgets at the start of the financial year). For 2009/10, levels 1 and 2 banded funding was delegated to schools and only new applications for Bands 3 and 4 (and academies) are now centrally administered. These payments are currently running in excess of the budget and currently estimated to over-spend by £261k. Work is underway to identify the underlying trends and pressures so that appropriate action can be taken.
- 19 Savings are being made within the Special Educational Needs team (£64k) due to staff vacancies and the Travellers Children team due to a vacancy following a change in delivery method to bring the service "in house". Previously the service was provided regionally by the West Midlands Traveller Service.
- 20 Other miscellaneous expenditure includes the costs for the special casework team, the net position for inter authority recoupment (costs for other local authority children educated in Herefordshire schools and for Herefordshire children educated in schools elsewhere), and an apportionment of overheads. The net over-spend represents a saving on the costs for the LEA pool (£26k) offset by additional costs for Trade Union duties (£30k) and licence costs (£18k).
- 21 The previous report to Scrutiny detailed the position regarding rates rebates (totalling £1,054,205). Schools Forum on 29th September have asked for funding models to be prepared that allocate all the funding to schools and that schools be given a choice whether to receive all their share in 2010/11 or spread it equally over the three years 2010/11-2012/13 in view of the expected downturn in schools funding expected nationally. This work is to be considered at Schools Forum in January 2010.
- 24 Detailed business cases for the use of the DSG carry forward (£1,280,408) will be considered by Schools Forum on 7th December 2009. Projects under consideration include on-going improvements, developments and efficiencies including ICT developments, resources for schools and contributions towards any Building Schools for the Future initiative.
- 25 The Music Service is operated as a Trading Service to schools and currently has a projected deficit. Work is underway to develop a recovery plan.

Grant Funded Expenditure

- 26 To provide members with a full overview of the use of grants by the Directorate Appendix C sets out the major grant funded activities.
- 27 The two principal funding streams for Children's Services (other than Council and DSG) are the Area Based Grant for which there is a budget of £4.362m and Standards Fund (DCSF) of £15.643m.
- 29 The DCSF is also providing £391,000 in various grants this year from its Think Family programme as well as other minor programmes.
- 30 Children and Young People's Directorate receives various grants from the Children's Workforce Development Council and the TDA which encompass the development of both teaching and non-teaching staff totalling £424,000.
- 31 Most grants are forecast to be in line with budget. This is because the terms and conditions of the grants either permit the carry forward of unspent money's to future years (in the case of Standards Funds carry forward is to August 2010) or require repayment to the body providing the funding (e.g. Surestart grant). Grant funded programmes are not allowed to over-spend (any additional costs would have to be local authority funded).

Community Impact

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

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

Legal Implications

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

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

Not applicable

Appendices

Appendix A, B and C are attached and referred to in the body of the report.