

MEETING:	CHILDREN'S SERVICES SCRUTINY COMMITTEE
DATE:	19 MARCH 2010
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 three. 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

Recommendation

THAT the Committee scrutinises and comments on the figures contained in this budget report.

Key Points Summary

- The Directorate reported a forecast to overspend by £533k to Scrutiny Committee in December 2009. Due to increases in care placements and changes in the way services are being accounted for the current projection is an over spend by £772k for 2009/10. This represents an increase of £239k since the December report when the over-spend was projected at £533k. In the last Cabinet report an overspend of £660k was predicted. The key changes since then relate to the costs for new children which have to be funded from within the Safeguarding budget and not from within the JAM budget. 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 have had an impact, however additional pressures have emerged which have counteracted the effect of the savings actions.
- The Music Service is a traded service with a net nil budget, but in December the Directorate reported an overspend of £199k due to the £123k deficit brought forward from 2008/09 and further income shortfalls anticipated for 2009/10. The current forecast is to broadly break even on trading in the current year and contribute to reducing the historic deficit. Further work is underway to address the historic deficit, including the issuing of a new service level agreement (SLA) with schools, selling off surplus resources such as instruments, raising the hourly rate by £2 and modernising service delivery such as group rather than individual tuition.

Further information on the subject of this report is available from
Chris Baird, Assistant Director, Planning, Performance and Development, Children and Young People's
Directorate cbaird@herefordshire.gov.uk, 01432 260264

- 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.
- At the last Cabinet meeting the Director of Resources reported that he expected to achieve a balanced budget outturn for 2009/10 despite anticipated overspends by both Adult Social Care and Children's Services. The Cabinet report included a £660k over spend for Children's Services – it was reported that savings would be achieved as a result of recovery plans & efficiencies in some directorates together with the use of the social care contingency and a reduction in borrowing costs.
- The draft budget for 2010/11 for Children's Services recognises the increasing pressures and has allocated additional funds to cover court costs and the cost of caring for homeless 16/17 year olds. A central provision has also been made for the increasing cost of front line Safeguarding pressures.
- Work is now nearly complete on the development of the new structure for Children's Services. The restructuring of the Safeguarding team is progressing with staff consultations underway. Other changes will take longer to implement as they form part of the overall restructure of the Directorate to meet the cost pressures and service requirements of the future, including the move towards the integrated locality based model for delivering services across the county. All new senior management positions are now in post to support the changes and improvements to services across the Directorate.
- The move to the locality based delivery model is progressing with building work now underway or about to commence. It is anticipated that locality centres will be available from autumn 2010/11 onwards. Discussions are underway with partners to agree occupancy and revenue funding for the new centres.
- There has been further evidence of the increasing costs of child protection on Local Authorities. According to the Local Government Chronicle (LGC), child protection costs faced by children's services departments rose by an average of almost £800,000 per authority since the Baby Peter tragedy. The LGC also reports that referrals of children thought to be at risk were up by 28% in 2008-09 across the country, with many authorities reporting much bigger pressures in the current year.
- In Herefordshire in the 12 months to January 2010 there has been an increase of 27% in the numbers of children in agency (independent) fostering placements and residential placements (an increase from 33 to 42).

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 Comparison of both the current projected outturn and those from the December report are

shown together with a variance to both budget and the December estimated outturn. Appendices A to C provide an overview of the budget sources and areas of expenditure. Some budget virements have been actioned since the last report and the Appendices reflect these changes

Key Considerations

- 4 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. Please note that to ensure consistency with other corporate reports all overspends have been shown as positive figures and under spends as negative.

Local Authority Expenditure

- 5 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 £772k This relates largely to expenditure within Safeguarding Vulnerable Children Services. Contributions to achieving the directorate wide target savings are coming from Inclusion & Improvement and Planning, Performance and Development teams. The directorate has held a significant number of posts vacant to contribute to savings during this financial year. The primary contributory factors are detailed below.
- 6 The numbers of external residential placements and agency fostering placements have both increased (from 14 and 22 respectively as reported in the December Scrutiny report to 16 and 26 respectively in the current report) and therefore costs are running significantly over budget (£693k at the present time and £627k higher than last year's spend) due to the increasing numbers of children coming into care. At the same time the Assistant Director of Safeguarding and her staff have been reviewing all placements and have identified some that are able to be moved to lower cost options without jeopardising the children's wellbeing. However, as contracts have to be negotiated any savings will not materialise until 2010/11.
- 7 The fostering and other looked after children costs are currently projecting an over spend of £164k. This is £78k higher than 2008/09 actual spend. The increase in court costs comprises a significant element of this increase. The Assistant Director for Safeguarding has implemented improved controls and robust challenge process in order to minimise the impact of legal costs which has resulted in a £10k saving since the last forecast The increase in referrals reported above combined with legislative changes has resulted in a 70% increase of court costs from 2008/09 (£111k) to 2009/10 (£189k).
- 8 The Family Assessment and Support line in Appendix A includes the provision of temporary accommodation 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 forecast currently assumes that the Directorate is successful in its application to Supporting People to fund the additional costs.
- 9 The Children with Disabilities (non joint agency managed cases) forecast expenditure has been reduced since the last report and is now reporting a saving of £61k versus budget.

- 10 Safeguarding staffing costs show an over spend versus budget as although there had been success in recruitment of social workers – some start dates have been delayed resulting in the requirements to continue agency staff longer than previously planned to ensure continuity of service.
- 11 The latest JAM forecast estimates a saving versus budget which will be returned to the partners The LA saving will be £66k which helps to offset the increasing costs for non JAM cases within Safeguarding.
- 12 Education Welfare Service included an income budget (based upon a prior year one off income). The forecast is now adjusted.
- 13 Within the Special Educational Needs virements have reduced the budget by £44k but costs for payments for vulnerable children (payments to schools) have increased significantly since the last report and are now expected to overspend by £10k. However, there are savings from in year vacancies within the Educational Psychology service which contribute to the target savings for the directorate.
- 14 The School Improvement Service now shows an overspend to both budget and last forecast as a result of two factors. Firstly the income targets have not been met (and these are now being re-evaluated with new heads of service). The second element relates to payments to Courtyard from last financial year which have had to be paid from this financial year. The contract has now ceased, with schools working directly with the Courtyard, through service level agreements. The Enjoy and Achieve Outcome Group of the Children's Trust will be considering the service provision as part of their work in 2010/11.
- 15 The Youth Service is expected to make savings of £35,000 which will contribute to the target savings identified within the December forecast.
- 16 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 as previously reported.
- 17 The PP&D Management budget has increased by £265k due to a realignment of posts from Inclusion and Improvement teams. Savings have been achieved across various teams as a result of the recruitment freeze and posts being held which contribute to the target saving (previously shown centrally).
- 18 Transport savings have arisen due to additional receipts in 2009/10 (circa £130k), plus the utilisation of grants (£50k) together with other staff savings and other transport savings £129k.
- 19 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 resulting in an overspend of £16k versus budget. The reduced forecast compared to December reflects the delayed start of one manager (March 2010).
- 20 The Music Service is a traded service which has been funded by the Local Authority and schools. The service operated at a loss in 2008/09 and this was carried forward into 2009/10. Work is underway to restructure the service in order for it to be self financing, actions already identified include a £2 per hour price rise in the service charge from 1st April (no price rise applied since September 2008) and a one off sale of surplus instruments.

Dedicated Schools Grant

- 21 Appendix B shows the projected outturn for 2009/10 for Dedicated Schools Grant of £84,526k. This is subdivided between schools expenditure and centrally funded schools related expenditure.
- 22 In 2008/09 all banded funding was held centrally. For 2009/10, levels 1 and 2 banded funding were delegated to schools and only the higher requirements of level 3 and 4 are now centrally administered. There are increasing numbers of applications for band levels 3 & 4. The forecast overspend has been reduced as any future payments will be for two months (the remainder of this financial year), with the remaining commitment included in school budgets in 2010/11.
- 23 JAM forecast has been reduced based upon the current placements. Any new placements will not have a significant impact until 2010/11.
- 24 Savings are being made within the Special Educational Needs team (£64k) due to staff vacancies. The Travellers Children team is also costing less due to a change in delivery method to bring the service "in house". Previously the service was provided regionally by the West Midlands Traveller Service.
- 25 Interauthority recoupment charges (charges to / from other counties for cost of SEN places) have now been shown separately. There has been a reduction of pupils from other authorities that has reduced our income by £110k.
- 26 In 2008/09 rates rebates of £1,054k were received for charitable rates relief for voluntary aided schools going back to 2000. Legal advice is that the rates rebates must be distributed to schools on a per pupil basis. Schools Forum have agreed on 23rd February 2010, to distribute the £1,054k rates rebates to schools on a per pupil basis of £46.65 per pupil for primary and high schools and £208.79 per pupil in special schools and £183.47 per pupil in a Pupil Referral Unit (PRU). The higher per pupil amounts in special schools and PRUs reflecting the higher costs of educating pupils in these establishments.
- 27 There are further funds available for redistribution to schools from DSG carry forward (£1,280k) and Schools Forum in December agreed to distribute the under spend to schools at £58.50 per pupil. Schools have the choice of receiving their allocation in full in 2009/10 or split equally over the three years 2009/10-2011/12 to help with future years' budget planning.

Grant Funded Expenditure

- 28 To provide members with a full overview of the use of grants by the Directorate Appendix C sets out the major grant funded activities.
- 29 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 £4.438m and Standards Fund (DCSF) of £15.787m.
- 30 The DCSF is also providing £349,000 in various grants this year from its Think Family programme as well as other minor programmes.
- 31 Children and Young People's Directorate receives various grants from the Children's Workforce Development Council and the Training and Development Agency which encompass the development of both teaching and non-teaching staff totalling £261,000, together with £218,000 for the development of Contact Point.

32 In most cases any under spend on grants can either be carried forward for use in the following year or must be re-paid.

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 January 2010.

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.