

MEETING:	CHILDREN'S SERVICES SCRUTINY COMMITTEE
DATE:	JUNE 2010
TITLE OF REPORT:	REVENUE BUDGET MONITORING REPORT 2009/10
PORTFOLIO AREA:	Children's Services

Wards Affected

County-wide

Purpose

To report on outturn of the Children's Services revenue budget for 2009/10. 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 Children's Services Scrutiny Committee scrutinises and comments on the figures contained herein.

Key Points Summary

- The Directorate reported a forecast to overspend of £772k to Scrutiny Committee in March 2010, but this was verbally amended to a projected overspend of £303k as a result of additional savings being identified after publication of the Scrutiny report. The actual outturn for 2009/10 is an over spend of £137k. This comprises an over spend of £889k on Safeguarding which has been largely offset by savings made within Planning, Performance and Development (PPD) and Improvement and Inclusion. The reduction of £166k from the revised March projection of £303k is largely due to work to utilise available grants wherever appropriate and capitalisation of ICT equipment and office furniture.
- Although the actual outturn shows a significant improvement on earlier projections it should not detract from the significant pressures facing Children's Services particularly within the Safeguarding area.
- 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, which continues to face pressures and will be closely managed throughout 2010/11.
- 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), however since January numbers have remained stable . These are shown in tabular and graphical format in Appendix D

- Some grant funding streams are due to end at 31 March 2011 and decisions by the new government may affect either the continuation or levels of funding within this new financial year. It is not possible to anticipate and calculate the impact at the current time.
- In order to maintain the tight controls over expenditure following the recruitment freeze actioned in the latter months of 2009/10 the directorate leadership team (DLT) has agreed a recruitment protocol to ensure that all vacancies are subject to a challenge by DLT so that only essential posts are filled.
- Although figures have not yet been finalised the council is on target to achieve a balanced budget overall. The reduced over spend in Children's Services has helped to achieve this outturn.

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 actual outturn and those from the March report are shown together with a variance to both budget and the March (revised) 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.
- 4 For additional information Appendix D shows in a graphical format the changing profile for numbers of looked after children and the spend profile of both the local authority budget / actual expenditure and the total spend from all funding streams within Children's Services

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. 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

- 6 Appendix A shows the budget and actual expenditure for 2009/10 with 2008/09 comparisons. The final outturn is an overspend of £137k which reflects a reduction of £166k from the figures reported verbally to Scrutiny in March and £635k below the projected outturn in the published report for March. The principal reasons for the March reduction were in related to transport through savings from snow closures, route rationalisations and additional grant utilisation, together with some anticipated savings in Safeguarding and Improvement and Inclusion. Details of the principal variances between outturn and budget are provided in the

following sections :

- 7 The numbers of external residential placements and agency fostering placements have increased significantly during the last two years, (from 14 and 15 respectively in March 2008 to 16 and 26 respectively in the current report) and therefore costs are running significantly over budget (£681k) and £615k higher than last year's spend as a result of 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 may be able to be moved to lower cost options without jeopardising the children's wellbeing.
- 8 The fostering and other looked after children costs reported an over spend of £224k. This is £138k higher than 2008/09 actual spend. The increase in court costs comprises the majority 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 actual spend of £183k which is £15k lower than earlier estimates. The increase in referrals reported above combined with legislative changes has resulted in a 65% increase of court costs from 2008/09 (£111k) to 2009/10 (£183k).
- 9 Family Assessment and Support 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 Directorate has been successful in its application to Supporting People to fund the additional costs, providing funds to cover the £95k of costs.
- 10 The Children with Disabilities (non joint agency managed cases) reported a saving of £49k versus budget, largely due to a vacant team manager post and transfer of some costs to the Aiming High Grant.
- 11 Safeguarding staffing costs show an over spend versus budget of £43k. This was largely due to the cost of interim staff including the Assistant Director post for 3 months and some senior management positions. Although there were vacancies elsewhere the need to cover vacant social worker posts with locums absorbed any savings.
- 12 The JAM budget for joint agency managed cases for children with complex needs was underspent by £34k. However, the actual spend for 2009/10 was significantly higher than that reported for 2008/09 by £172k. Early indications are that this budget may be under pressure in 2010/11 due to requests for high cost independent placements to meet pupil needs.
- 13 The School Improvement Service had an overspend of £91k as a result of two factors. Firstly the income target for inset training (£122k) was not met (targets now being re-evaluated with new heads of service). Work is underway to improve costing and administration of courses and to introduce a consistent approach to charging. The second element relates to payments to Courtyard from the 2008/09 financial year which have had to be paid from 2009/10 financial year (£25k). 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. These costs were partially offset by savings elsewhere within the school improvement team through the use of available ABG and standards funds.
- 14 The Youth Service delivered savings of £62k, and the Youth Offending team delivered savings of £20k due to vacancies and long term absence.
- 15 The Children's Service ICT budget has been adjusted in 2010/11 to reflect the true cost of

licences and to remove a budget anomaly following the centralisation of ICT costs. The actual spend for 2009/10 was in line with previous expectations at £98k over spend.

- 16 The PPD budget has increased by £265k due to a realignment of posts from Improvement and Inclusion teams for business support. Savings of £125k have been achieved across various teams as a result of the recruitment freeze and posts being held. Additional savings were delivered through the utilisation of various grants including Contact Point, Sure Start and ABG.
- 17 Transport savings of £761k have arisen due a combination of factors including additional receipts in 2009/10 (circa £117k), savings from snow closures £116k, route rationalisations £138k plus the utilisation of grants (£100k) together with other staff savings and other transport savings totalling £300k.
- 18 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 £20k versus budget.
- 19 The Music Service is a traded service which has to be funded by the Local Authority. The service operated at a loss in 2008/09 and this was carried forward into 2009/10. The cumulative deficit at the end of 2009/10 is £160. However, this is made up of the deficit reported for 2008/09 of £123k. Significant work by the service has reduced this operating loss to £37k for 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 has been applied since September 2008) and a one off sale of surplus instruments.

Dedicated Schools Grant (DSG)

- 20 The then DCSF confirmed DSG at £84.526 million for 2009/10 following a reduction in recoupment costs of £7k for the Hereford Academy. School budgets are determined by formula funding from the DSG and sixth forms from an additional grant from the Learning & Skills Council and any under or overspend will be carried forward as part of school balances.
- 21 School balances of £5,497,000 have been carried forward to the new financial year – this is an increase of £21k from the previous year. Primary school balances are £2,882,000 (a net reduction of £54k), high school balances are £1,853,000 (a net reduction of £139k), special school balances are £179,000 (a net increase of £115k). Pupil Referral Units and Extended schools account for the remaining increase of £99k. At the end of 2009/10 six schools were in deficit; Aylestone, Broadlands, Brookfield, Dilwyn, St Weonards, Weobley and the total deficit was £233k compared previously with 6 schools and a total deficit of £262k at the end of 2008/09. Recovery plans will be agreed with those schools newly entering a deficit position
- 22 As required by DSG grant regulations, an under spend of £727k has been carried forward to 2010/11. This comprises rates rebates of £186k which Schools Forum agreed would be distributed to schools over the three year period from April 2010, £413k under spend from the previous year which is allocated to schools for the three year period 2009/10 to 2011/12. £128k representing the actual under spend on central DSG services in 2009/10. The main year end variances in central DSG funded services are as follows:

Over spends	Amount	Reason
Banded Funding - Primary	£121k	increased applications for Bands 3 & 4 (Appendix B includes

		Academy banded funding saving of £54k
Reduction in Recoupment		
Inter Authority recoupment	£170k	reduced numbers of pupils from other authorities in Herefordshire schools
Under spends		
Early Years	£117k	offsetting unspent Sure start grant at year end
Out of County placements	£139k	underpends on Joint Agency Management of places (with the PCT) (£87k) and education placements (£52k)
SEN support services	£99k	staffing vacancies
LEA Pool	£55k	savings following closure of the pool

Additionally, £70k was carried forward for Governor Services and a deficit of £160k for the Music Services was carried forward.

Grant Funded Expenditure

- 23 To provide members with a full overview of the use of grants by the Directorate Appendix C sets out the major grant funded activities.
- 24 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 £4.519m and Standards Fund (DCSF) of £15.787m.
- 25 The DCSF is also providing £349,000 in various grants this year from its Think Family programme as well as other minor programmes.
- 26 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 £261k, together with £218,k for the development of Contact Point.
- 27 In most cases any under spend on grants can either be carried forward for use in the following financial year or must be re-paid. Some grant areas such as Standards Fund are largely school related and therefore can operate across financial years, to the following August. Spending plans are set accordingly. As any un-utilised grant funded expenditure is either carried forward or held to be repaid to the funding body at year end the table included at Appendix C does not show a true picture of the grant expenditure. The table below summarises the main grant variances and impact for 2009/10 :

Grant stream	Grant source	Amount under - spent	Carried Forward	To be repaid	Notes
Standards Fund	DCSF	1163	1163		Standards Fund linked to school year and has a spending programme to 31/08/2010
Other Schools Support	ABG	52	52		Healthy Schools – delayed start – agreed to be carried forward
Early Years	Sure Start	86		86	All Surestart funds must be repaid if unspent
Contact point	DCSF	25	15	10	Limited carry forward permitted by grant T&C's
Locality grants	DCSF	122	122		Can be carried forward to 31/3/11 but not beyond.
Various workforce grants	TDA/ CWDC	159	116	43	Repay £23k Higher level teaching asst + £20k M&D grant
Playbuilder	DCSF	9	9		Can be carried forward to 31/3/11 but not beyond
I&I grants	Various	24	24		

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, C and D are attached and referred to in the body of the report.