

CHILDREN'S WELLBEING APPENDIX B
BUDGET CONTROL MEETING UPDATE REPORT
AUGUST

MEETING DATE:

23RD SEPTEMBER 2013

Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within People's Services,
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

1. Key Messages

1. The forecast outturn is an, underspend of £92k after the use of unbudgeted £1.7m grants received. This comprises of an additional £1.9m ESG (Education Support Grant) less £200k of extended rights to schools / school transport that was budgeted for but not received. This grant is likely to reduce to circa £1.8m in 2014/15 due to the increase in academies, net £1.6m.
2. There are confirmed pressures relating to school transport of £417k, which include revised projections given the consultations that are taking place regarding post 16 SEN transport, and transport to nearest school.
3. With the exception of savings planned on residential and agency placements, savings across children's services are anticipated to deliver in line with budget expectations.
4. Pressures remain within Children's social care on looked after children's placement costs, continuing reliance on agency social workers and increased court costs which have arisen as a result of increased referrals and activity following the inadequate Ofsted report from September 2012.
5. The service is prioritising spend of the ESG on safeguarding and assurance services where caseload and capacity is not keeping pace with demand, given increases in child protection plans and LAC numbers and need to secure more cost effective ways of meeting demand. Mitigation plans are being developed within the services to address the on-going pressures in school transport and court costs.
6. A new safeguarding model has been developed including a major recruitment programme to resolve the historical recruitment and retention issues.
7. Analysis of year-to-date spend against budget is contained within Appendix 1. Variances are due to budget profiling.

1.1. Current Status – Revenue Budget by Service

Service	Annual budget			August Forecast Outturn	Aug OT Variance
	Budget Expend	Budget (Income)	Net Budget		Projected (Over)/underspend
	£000's	£000's	£000's		£000's
Directorate Costs	713	(240)	473	473	(0)
Directorate Costs	713	(240)	473	473	(0)
Service Management	127	0	127	127	0
Children's Safeguarding *	12,972	(202)	12,770	13,345	(575)
Additional Needs	6,117	(3,955)	2,162	2,162	0
Locality Services	2,923	(395)	2,528	2,403	125
CYP Provider Services	22,139	(4,552)	17,587	18,037	(450)
Service Management	507	0	507	487	20
Learning & Achievement *	6,786	(2,093)	4,693	4,985	(292)
Youth Services	693	(168)	525	421	104
Children's commissioning	1,811	0	1,811	1,770	41
Performance and Business Support	1,744	(159)	1,585	1,593	(8)
Sufficiency and Capital	8,190	(7,219)	971	980	(9)
Quality and review	406	0	406	420	(14)
Children's Commissioning	20,137	(9,639)	10,498	10,656	(158)
Education Support Grant				(700)	700
Children's Wellbeing Directorate	42,989	(14,431)	28,558	28,466	92

The above figures do not include £100m of school budgets funded from Dedicated Schools Grant

*Education Support Grant - £1m for Safeguarding and £0.2m for Transport within Learning and Achievement.

1.2. Savings Plans

CHILDRENS WELLBEING		
Delivered	Anticipated	At Risk
£000's	£000's	£000's
3,889	1,347	50

Legislative changes and increased numbers of looked after children put achievement of the planned reductions in residential and agency foster care placements at risk. This is currently mitigated by the use of ESG.

1.3. Savings Schemes – RED status

Ref	Scheme	Target	Reported at Risk	Risk	Estimated recoverable 13/14	Expectation 14/15
		£000's	£000's		£000's	£000's
1	Sale of outdoor equipment	50	23	Did not achieved estimates at auction	0	0
2	Discretionary Provision / Fee School Transport	97	27	Reduction in no's using transport	0	0
	TOTAL	147	50		0	0

Details of Risk / Mitigation

1 – Sale of equipment did not achieve the value expected. The closure of youth centres has identified other savings.

2 – Transport savings were identified through Root and Branch. Stepped fee increases were approved to move towards full cost recovery and used to set the budget for 2013/14. Fee increases have led to a number of parents choosing to use alternative transport methods which has reduced anticipated income. The Admissions and Transport Manager had identified mitigation through route reviews and denomination transport arrangements within Herefordshire. However, retendering of existing routes due to contractor giving notice, plus the requirement to put on more routes for SEN has meant that this has increased the pressure on the budget. As further mitigation the service is investigating adjusting the current framework agreement to increase competition and achieve in-year savings, and working with providers on their current costs.

2. Headlines by Service Area

2.1. Children's Provider Services – overspend £179k

Key Points

Locality Services

- Underspend of £125k within locality services due to new re-structure and not filling vacant posts. An allowance has been made for the transfer of funding for two posts within the Performance Team.

Safeguarding

- External placement pressure currently stands at a gross pressure of £240k, reduced to £15k after offsetting by ESG funding. This is as a direct result of increased referrals and case numbers following the Ofsted inspection in September 2012.
- The current agency staff forecast overspend is £764k, (this includes £493k identified in July and mitigated by ESG plus £271k pressure for all agency to be in place until 31st March).
- Court costs currently predicting an, overspend of £305k, which is in part due to the requirement for specialist legal advice on two complex cases.
- In house fostering is predicting an underspend of £82k due to vacancies within the fostering team, and in house placement costs of give the service a total underspend of £0.1m

Risks

- Continued increases in referrals.
- Complex needs cases currently operating at budget capacity, there are circa 5 cases that could come to panel before the end of the financial year.

Opportunities

8. Mitigation opportunities are limited but the service has in place task and finish groups to review, develop and look at reducing pressures. These are;
 - LAC Task and Finish Group – this group reviews residential, agency fostering and complex needs placements.
 - Multi-Dimensional Foster Care Programme - where intervention is being considered and the cost effectiveness of the current service for this population. This includes specialist foster carers.
 - Recruitment – Leads on the current social workers recruitment campaign and workforce sustainability.
9. Work is progressing with the legal team to understand in more detail the cases coming through in order to drive down the costs.
10. More detailed analysis is being completed on the 16+ budget where YTD spend versus budget indicate there may be some capacity.

2.2. Children's Commissioning – overspend £158k

Key Points

11. School transport has pressures of £417k. This is primarily due to the budget being set anticipating £200k as a result of transporting to nearest school only, and charging for post 16 SEN transport provision. Both areas are subject to consultation, which has now begun, and if approved will not deliver the financial saving anticipated for 2013/14, but would for the year after. £36k has been identified as loss of parental contributions where they have sought other methods of travel due to the increase in fees. In addition the service is experiencing increased pressures on SEN transport and the need to increase routes. An operator has withdrawn from service provision, which has required some retendering of several routes, that has resulted in increased costs. This service is now carried out through a single team located in the Economy, Community and Corporate Directorate. Formal transfer of the budget is due in October 2013. The Council plan is that savings across the total transport budget will be achieved through this integration of approach, with the majority of identified savings coming through in 2014/15.
12. There is an underspend within early years of £153k due to vacancies. A review of this service has been completed in order to provide a more integrated approach.
13. Youth Services currently shows a £103k underspend due to staff vacancies and closure of the service.
14. There is a remaining net £3k arising from staff vacancies and contract spend offset by shortfall in Service level Agreement income.

Risks

15. Bus operators, withdrawal from another 5 school transport routes which will cause an additional pressure of circa £50k.
16. Further work is required with some budget holders to review and confirm savings delivery, and this will be done in accordance with new forecasting cycle.

Opportunities

17. The use of circa £50k Dedicated Schools Grant against eligible expenditure currently not fully utilised within Admissions.
18. A robust review is due to take place on school transport by the Head of Service in order to identify areas to reduce cost and maximise income.