

Committee: Children & Young People Overview & Scrutiny Panel

Date: 4 September 2012

Agenda item: **9**

Wards: All

Subject: Budget Monitoring Update

Lead officer: Yvette Stanley

Lead member: Cllrs Maxi Martin and Martin Whelton

Forward Plan reference number: N/A

Contact officer: Penny Badcoe, Business Partner CSF

Recommendations:

A. That members of the panel note this report.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To inform members of the panel of the budget monitoring position for CSF.
- 1.2. As at the end of June individual CSF managers forecast modest underspending, and overall assessment in the light of past trends suggested a more substantial level of total variance, up to an underspend of £500,000. This was reported to CMT and Cabinet, and is going to be considered by the Financial Task Group on 10 September 2012.
- 1.3. Since then, on the basis of budget monitoring work as at the end of July for the next report to CMT and Cabinet, various additional pressures have been identified and it is now forecast that the department will have a net overspend, in the region of some £175,000. These extra newly identified pressures include fostering cases, special guardianship orders, serious case reviews, adoption allowance costs, and the need to meet one-off costs for systems improvements and maternity cover. Management action will be considered to contain total net expenditure within the overall budget.
- 1.4. Members should be aware that some CSF budgets are very volatile, as illustrated by the changes between forecasts as at the end of June and as at the end of July. A small number of individual child care cases can have a disproportionate impact on expenditure. Careful monitoring and management will need to be maintained throughout the year.

2 DETAILS REPORTED AS AT THE END OF JUNE 2012 (QUARTER 1)

- 2.1. Members of the panel have requested updating on the financial position for the CSF department. In common with other LBM departments, CSF managers monitor and report on their budgets on a monthly basis, and this information is summarised for reporting to CMT and Cabinet.
- 2.2. This report is based on the most recent budget report to Cabinet, as updated for known changes since.

- 2.3. At the end of the June CSF departmental managers forecast a net under spend of £126,000, covering various service areas. Detailed analysis of budgets, as shown and described in more detail below, revealed a number of over and underspends that combined to produce this overall net forecast.
- 2.4. However, budget managers were making very cautious predictions, and assessment in light of historic spend patterns (which are of course subject to change) suggested that the likely level of underspending would be higher than that forecast. We therefore reported to CMT that overall underspending in excess of this would potentially occur, up to £500,000 by year end.
- 2.5. Since that time, and not reported to CMT or Cabinet at the time of writing, a number of factors have been identified such that an overspend is now forecast, in the region of £175,000.
- 2.6. The following table shows the divisional position as most recently reported to CMT and Cabinet.

Children, Schools and Families (Non-DSG)	2012/13 Current Budget	Full year Forecast (as at June)	Forecast Variance at year end (as at June)	Forecast Variance at year end (as at May)	2011/12 Variance at year end £000
	£000	£000	£000	£000	£000
Commissioning, Strategy and Performance	7,850	7,750	(100)	0	(135)
Education	12,022	12,022	0	0	139
Social Care and Youth Inclusion	11,395	11,369	(26)	(54)	(1,115)
PFI	6,941	6,941	0	0	22
Total as per manager's forecasts	38,208	38,082	(126)	(54)	(1,089)
Potential further underspendings		(374)	(374)	0	0
Total (controllable)	38,208	38,708	(500)	(54)	(1,089)

2.7. **Local Authority Funded Services**

- 2.7.1 CSF manages a number of volatile budgets, which require continuous and careful demand management. The main identified cost pressures and underspends are described below.
- 2.7.2 A net underspend of £100,000 is expected for CSP Division. This relates to reduced spend on in-house fostering and mother and baby budgets, offset by ongoing pressures in independent agency fostering and residential social care placements. It is likely that we will need to review our present fostering allowances in light of a recent judicial review, which could reduce this underspend.
- 2.7.3 For Children's Social Care and Youth Inclusion Division, there are a number of different individual service forecasts which combine to arrive at the total reported in the table above. Firstly, commissioning savings at Leyton Road are expected to result in an overall underspend for the year of £64,000. Secondly, due to an increase in the number of special guardianship orders, this budget is expected to overspend by £92,000 by the end of the year. Thirdly, an initial underspend of £54,000 is forecast on costs for unaccompanied asylum seekers. Some of this budget will be required for "no recourse to public funds" (NRTPF) cases that are currently included under the Section 17 cases, and which are forecast to overspend.
- 2.7.4 There are various other small over and underspends predicted across the department which are expected to cancel each other out.

2.8. **Dedicated Schools Grant**

- 2.8.1 Whilst underspends are expected against the DSG budgets, this will not accrue to council general fund balances, as DSG is separate ring-fenced funding.
- 2.8.2 Based on current client costs, independent residential SEN placements are expected to underspend. These current client costs do not build in contingencies for new assessments during the year or new starters from September, at which stage it will be possible to more accurately estimate the underspend for the year, with the exception of any tribunal cases.
- 2.8.3 Implementing the strategy to increase in-borough SEN provision is delivering reduced spend on out of borough placements, and increased income from other boroughs by charging for out of borough children placed in Merton schools. Initial forecasts indicate a net underspend on these recoupment activities; this will be quantified once the most of the claims are received from other boroughs, which is expected to be by August/September.

2.9. **Management Action**

- 2.9.1 CSF managers are working closely with finance staff to continue to make forecasting more robust at this point in the financial year, and moving forward as better information becomes available.
- 2.9.2 Managers will continue to reduce spend where possible to address cost pressures that arise throughout the year.

2.10. Use of Ring Fenced Grants

- 2.10.1 The Integrated Workforce Fund of £507,833 was created from ring fenced grant money from the Social Work Improvement Funds.
- 2.10.2 Proposals have been compiled which meet the criteria for the grant and utilise £265,330 of this funding: firstly to support early intervention and assessment, and secondly to contribute to a social work development programme from qualification through to management. This will enhance our specialist response to the growing issue of child sexual exploitation and support our positive engagement with families working to minimise the risks children are exposed.

3 ALTERNATIVE OPTIONS

- 3.1. This section is not applicable to the contents of this report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. This section is not applicable to the contents of this report.

5 TIMETABLE

- 5.1. Budget monitoring is done monthly and reported CMT, DMT, LSG and cabinet.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Financial implications are detailed in the main body of this report.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. This section is not applicable to the contents of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. This section is not applicable to the contents of this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. This section is not applicable to the contents of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. Budget monitoring is a key part of financial management and internal control. There are no H&S implications.

11 BACKGROUND PAPERS

Budget preparation and approval papers.

Service plans and Business Plan.

Previous budget monitoring reports.