

APPENDIX 5

TITLE OF REPORT	REVENUE BUDGET MONITORING – JULY 2007 CHILDREN'S SERVICES DIRECTORATE
RESPONSIBLE OFFICER	Rose Collinson, Director of Children's Services

1. Introduction

- 1.1 This report explains the forecast position for the directorate in 2007/08 based on the revenue budget monitoring returns for July.
- 1.2 CSDMT is asked to:
 - note the outturn forecasts provided by managers
 - consider what management action can be taken to reduce the forecast overspend
 - agree a revised outturn forecast to be reported to Cabinet Briefing on 3 September 2007.

2. Background

- 2.1 The May returns from budget managers indicated that the directorate would overspend by £1,774,000. However, savings arising from management action were expected to reduce this by £58,000, leaving an overspend of £1,716,000.

3. Forecast Outturn 2007/08 based on July 2007

- 3.1 The returns from budget managers indicate that the directorate will overspend by **£2,530,000**, an increase since May of £756,000 prior to management action. A summary for the directorate as a whole is shown in Table 1

Table 1

Directorate Summary	Net Current Budget £000's	Forecast Outturn £000's	Forecast Over/(Under) Spend £000's
Learning and Achievement	13,714	13,713	-1
Young People	7,024	7,334	311
Children's Care	26,515	28,582	2,067
Directorate Management Team	1,619	1,505	-114
Schools Retained Funding and Grants	-37,546	-37,404	142
Quality Assurance	2,395	2,521	126
Schools Delegated Budgets	175,310	175,310	0
Children's Services Total	189,031	191,561	2,530

4. Significant Over/Under Spends

- 4.1 The major areas of over/under spending contributing to the net forecast overspend of £2,530,000 are shown in Table 2

Table 2

Cost Centre & Budget Heading	Net Current Budget £000's	Forecast Outturn £000's	Forecast Over/(Under) Spend £000's
Young People			
Youth Offending Team	490	563	73
Care Leavers	507	662	155
Youth Health and Action	1,616	1,699	83
Children's Care:			
Gillingham Social Work Team	575	658	83
Gillingham Family Centre	473	351	-122
Woodlands Centre	0	69	69
Chatham & Rochester Social Work Team	592	666	74
Chatham Family Support Centre	511	435	-76
Family Contact	0	125	125
Learning Support Service	-72	52	124
Independent Fostering Agency Placements	1,548	1,448	-100
Private & Voluntary Children's Homes	1,327	1,127	-200
Special Recoupment	387	825	438
Independent/Non-Maintained Schools	3,826	4,599	773
SEN Home to School Transport	3,284	3,821	537
Legal Costs	382	642	260
Children's Services Management:			
Directorate Contingency	1,035	921	-114
Schools Retained Funding			
Maternity/Paternity Leave	354	404	50
Quality Assurance:			
Audit and Review Team	498	568	70
Grants to Voluntary Organisations	244	296	52

- 4.2 The key movements that have contributed to the increase of £756,000 this cycle are as follows:

4.2.1 Youth Offending Team (increase of £72,700)

The forecast overspend is mainly related to the costs of staff in post being in excess of the budget allocation

4.2.2 Chatham Family Centre (reduction of £56,300)

The forecast underspend has increased to £76,100 as a result of staffing vacancies and savings on the section 17 budget.

4.2.3 Family Contact (increase of £70,200)

In previous years the cost of supervising family contacts has been charged to the social work teams or family centres budgets but the costs have now been brought together under one heading. The process of transferring existing expenditure to this cost centre has not been completed yet. The forecast overspend on Contact will therefore increase but by removing expenditure from the social work teams and family centre budgets this will produce a corresponding reduction in expenditure on those headings. The overall effect on the budget will therefore be neutral.

4.2.4 Independent Fostering Agency Placements (reduction of £100,000)

The budget allocation is based on 30 placements but in July there were only 26 children in agency foster placements.

4.2.5 Private & Voluntary Children's Homes (reduction of £200,000)

The budget allocation is based on 17 placements but in July there were only 13 children in residential placements.

4.2.6 Special Recoupment (increase of £362,800)

This budget consists of two elements.

Medway Council is responsible for paying other LAs for the support provided to Medway statemented pupils that are being educated in other LA schools (mainly Kent). The initial forecast for spending in 2007/08 was based on 104 Medway pupils being educated in schools in other local authority areas but this has now risen to 109.

Medway Council recoups the cost of supporting statemented pupils that are the responsibility of other local authorities where those pupils are being educated in a Medway school but are the responsibility of another local authority. The numbers of pupils involved has increased from 96 in the initial forecast to 98 currently and the forecast income has therefore increased.

Overall, the number of pupils that Medway is responsible for exceeds the numbers that we can charge other LAs for. Consequently the 'recoupment' process represents a net cost to Medway.

4.2.7 Independent/Non-Maintained School Placements (increase of £351,700)

The budget allocation is based on 109 placements but there are currently 127 children placed. The increase in the forecast partly relates to an increase in the number of placements but includes two specific cases:

- i) £123,600 in respect of one pupil who was already in a placement but who became a Medway Council responsibility when his family moved into Medway in May.
- ii) additional costs relating to two 16 year old children who have decided to continue in education until they are 18

Currently there are a further ten children that the SEN team is seeking to place and these are not included in the current forecast. Depending on when these placements start and which schools the children are placed in, this could increase the forecast by a further £150,000.

4.2.8 Home-to-school transport for SEN children (increase of £71,200)

The forecast includes the impact of three additional routes and an increase in the expected cost of cash allowances. An assumption that savings of £217,000 can be made from re-tendering routes from September is included in the forecast but confirmation of these savings is not available yet.

4.2.9 Legal Costs (increase of £49,700)

The increase is based on an estimate of further counsel costs in the current year.

4.2.10 Maternity & Paternity Leave (increase of £50,600)

The forecast is based on previous trends and work is being undertaken by the HR team to refine this forecast.

5 Management Action

- 5.1 The Young People division has been tasked with achieving a balanced budget and the Assistant Director has drawn up a range of options to achieve this. These options will require further consideration but, if implemented, could produce a balanced budget and therefore reduce the current forecast by £310,500.
- 5.2 In future any vacancies within the directorate, including front-line posts, will require CSDMT approval before they can be filled. Any savings arising from this action will be incorporated in future forecasts.
- 5.3 Various actions were agreed at the Star Chamber meeting on 19 July, as follows:
 - a joint review by Children's Services and Legal Services of current legal arrangements/costs to be carried out by the end of August.
 - a review of SEN transport eligibility criteria and options for change to be undertaken
 - an update on the SEN review including options will be completed by mid September. This will include specific consideration of provision for pupils with Autistic Spectrum Disorders (ASD) that represent a significant proportion of high-cost placements out of Medway.

- a review of the SEN Decision Making Panel by the Assistant Director Children's Care to be completed by mid September.
- a briefing note on IRO admin and voluntary sector contracts and the level of predicted overspend will be completed
- a briefing note on revised LSS figures (taking into account departure of team leader) and showing future plan for the service (future buy back or reconfiguration) to be completed by September.

These actions are on course for completion in September and will include options for savings. However it is important to note that most of these will be savings to be achieved in the medium term rather than the current financial year.

5.4 Consequently, after taking into account the management action of £310,500, the overspend is forecast at **£2,219,500**. This represents an **increase of £503,700** since last month and is attributable to the increased forecasts on SEN headings.