

Brighton & Hove City Council

For general release

Meeting: Children and Young People's Trust Board

Date: 21 January 2008

Report of: Head of Financial Services – CYPT

Subject: 2007/08 TBM 7 – Projected Outturn

Wards Affected: All

1. Purpose of the report

1.1 To provide an update of the budget position of CYPT.

2. Recommendations

2.1 To note the projected CYPT overspend of £1,232k and the underspend of £116k re Dedicated Schools Grant (DSG).

3. Background Information

3.1 CYPT Budget analysis:

	Budget	Outturn	Variance
	£'000	£'000	£'000
DSG	0	-116	-116
Section 75 Pooled Budgets	52,106	53,338	1,232*
Section 75 Restricted Budgets (support service charges)	7,266	7,266	0
Total	59,372	60,488	1,116

* BHCC £1,192k, South Downs £40k.

3.2 The table below shows the sources of funding:

	BHCC	South Downs Health Trust	PCT	Total
	£000	£'000	£'000	£'000
DSG	0	0	0	0
Section 75 Pooled Budgets	44,474**	6,792	840	52,106
Section 75 Restricted Budgets (support service charges)	5,781	1,485	0	7,266
Total	50,255	8,277	840	59,372

**The figures in tables 3.1 and 3.2 are net of Government Grant income of £40.103m excluding DSG. This income is not part of the pool but has been included here for monitoring purposes.

3.3 Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is a ring fenced grant provided by the Department for Children, Schools and Families (DCSF) to all local authorities. The DSG is not part of the Section 75 agreement.

DSG replaced the School Formula Spending Share in April 2006 and essentially is split into two main components:

- Individual Schools Budget (ISB); this is the total amount of funding available to be delegated to Brighton & Hove maintained schools using the local authority's funding formula
- Schools Central Block; funding retained centrally to support functions such as agency placements, early years education in non-maintained settings, and Learning Support Services.

For 2007/08, the split of the DSG in Brighton & Hove is:

- ISB £100.986m
- Schools Central Block £16.423m

Each year the local authority is required to ensure that a relevant proportion of the DSG is delegated directly to schools by meeting the requirements of central expenditure limit set by the DCSF. At the end of the financial year the under or overspend is carried forward.

The latest position shows that DSG is expected to underspend by £116k and this is analysed in the table below. In summary it consists of an unallocated underspend of £25k carried forward from 2006-07 and a forecast underspend of £91k for 2007-08.

Service Area	£'000
Underspend Brought Forward from 2006-07	(617)
Training SEN & Behaviour	50
Emergency Exclusion Prevention Work	50
Accommodation moves	5
Schools Contingency	143
Educational Agency	198
Central Admin - Sensory Needs rent	20
Schools Admissions Computer System	22
Balance of 2007-08 Pay Award	10
Residential Placements	94
Total Unallocated brought forward from 2006-07	(25)
PRESENS	42
Contingency	(75)

Other	(58)
Total	(116)

3.4 Restricted Budgets

The Section 75 restricted budgets relate to Service Level Agreements (SLA) /Support Service Charges. These costs relate to the cost of provision of services from other council and health departments e.g. Finance and Human Resources. The relative percentages of Support Service Charges are shown below. This has been calculated on budgets gross of government grants of £40.103m to properly reflect the true volume of activity being supported.

	BHCC	South Downs Health Trust
	£'000	£'000
Section 75 Pooled Budgets (gross of government grants)	84,577	6,792
Section 75 Restricted Budgets (support service charges)	5,781	1,485
% Support Service Charges	6.84%	21.86%

3.5 Pooled Budget Pressures

See Appendix 1 for full details.

Explanation re key variances

3.5.1 Director of Children's Services- Lorraine O'Reilly

This area is overspent by £90k – details as follows:

Director's Budget -LSC Income

The pressure of £90k is due to the following:

- £33k re estimated additional costs of Interim Director,
- £56k re recruitment costs and
- £1k other

3.5.2 Assistant Director, Central Area & Schools Support – Gil Sweetenham

This area is overspent by £95k – details as follows:

Area Manager Social Care (£78k)

The overspend on Social care is broken down as an underspend of -£103k for the Social Work Team due mainly to savings on vacant posts and an overspend of £181k for Section 17 – Preventive payments due to spending on homeless families.

Head of Admissions & Transport (£80k)

This overspend is broken down between two service areas. Home to School Transport (£65k) and Student Support (£15k).

Home to School Transport

The forecast overspend for this financial year is still estimated to be £65k. This is due to the cost of transporting children with care orders now being charged to this budget. The new contract arrangements are showing potential for savings but the budget manager feels that based on the information currently available it would not be prudent to forecast this. There are a number of reasons for this. Firstly only a limited number of invoices have been received for the new contract and it is not clear yet if these are representative. Secondly the budget manager feels that there is potential for an increase in spot contract costs as operators try to compensate for business lost during the re-tendering exercise. Thirdly pupil numbers generally increase during the Autumn term and could increase the costs. Finally the cost of scholar season tickets is expected to increase by about 5% in January in line with the increase in the cost of Bus ID Super Saver tickets.

Student Support

The current staffing structure is not fully funded in 2007/2008, following cuts made in the budget in previous years

Area Manager – Surestart (-£45k)

There is an underspend of £45k on Health Visitors in the Central Area.

Other (-£18k)

3.5.3 Assistant Director, West Area & Youth Support – Gillian Cunliffe

This area is underspent by -£21k – details as follows:

Head of Youth offending Services (-£26k)

The underspend across the Youth Offending Services now shows a underspend of £26k which mainly relates to vacant posts and additional income.

Area Manager Social Care (£38k)

The overspend on Social care is broken down as an overspend of £36k for the Social Work Team due mainly to transport and Supplies expenditure and an overspend of £2k for Section 17 – Preventive payments.

Area School & Community Budget (-£20k)

The underspend of £20k is due to the delay in appointing admin support staff and EP's for School/Community manager.

Other -£13k

3.5.4 Assistant Director, East Area, Early Years & NHS Commissioning – James Dougan

This area is overspent by £417k – details as follows:

Post 16 (Leaving Care) Service (£237k)

Payments budget

Based on previous patterns of expenditure an overspend of £191k is anticipated against the Leaving Care Payments budget. This overspend is broken down as £143k for Leaving Care payments and £48k for Ex Asylum Seekers.

Staffing and other costs

The overspend in the areas of the Post 16 service is projected to be £46k by the end of the year. This is caused by several factors. The service currently employs a nurse who is not funded within the team's base budget. In addition there are small projected overspends in the Transport and Supplies & Services budgets.

Service Manager, Hospital Social Work Team (£60k)

The overspend on Hospital Social Care team is broken down as an overspend of £57k for the Social Work Team due mainly to additional hours and use of agency staff and an overspend of £3k for Section 17 – Preventive payments.

Area Manager Social Care (£76k)

The overspend on Social care is broken down as an overspend of £107k for the Social Work Team due mainly to agency and sessional staff and an underspend of £31k for Section 17 – Preventive payments

Other £44k

3.5.5 Assistant Director, Learning & Schools – Jo Lyons

This area is underspent by £9k.

There are no significant variances within the area.

3.5.6 Assistant Director, Social Care – Liz Rugg

This area is overspent by £690k – details as follows:

Head of Fostering & Adoption (£414k)

The net overspend in this area is made up of an overspend of £432k on the In-House placements budget (detailed below) and an underspend of £18k on Development Officers.

In-House Placements overspend	
Basic Foster Care Allowances	35,500
Placements with Relatives	62,600
Residence Order Allowances	400,300
Special Guardianship Allowances	35,500
Intensive Placement Carers	46,600
Transport/Taxis	-148,500
Total	432,000

Head of Disability Services (£65k)

The overspend in this service area is broken down as £40k Disability Agency Placements and £25k for accommodation moves to Brighton General Hospital.

Assistant Director Social Care (£144k)

This overspend relates predominantly to Legal Fees which have increased to a £140k overspend based on latest trends. Previous meetings the AD Social Care was to discuss this with the Head of Law with a view to containing it at £100k. However latest estimates indicate an overspend of £140k. This is an extremely volatile area and therefore difficult to forecast. New reporting processes are being implemented to facilitate clearer information gathering, and the AD and legal department are working on ways in which overall costs might be reduced.

Practice manager – Outreach Service (£35k)

Increased costs of £35k are due to additional young people joining the scheme, some requiring 2:1 staffing. This work is supporting families at risk of breakdown

Other (£32k)

3.5.7 Assistant Director, Quality & Performance

This area is on target

3.5.8 Associate Director, Healthcare Management – Jon Ota

This area is overspent by £70k – details as follows:

Associate Director, healthcare Management (£105k)

The overspend in this area is mainly due to the cost of feeding sets.

Clinical Director (-£35k)

This is an underspend on the staffing budget for Community Paediatricians.

3.5.9 Vacancy Management

Due to the overall position of the directorate a vacancy management target of £300k was set in Month 3 for the remainder of the financial year. To date £68k of this has been achieved on non grant areas leaving a balance of £232k to find.

Based on that in 4 months only £68k has been achieved it is unsure if the balance is achievable and therefore the target has been reduced to a £100k for the remainder of the financial year.

3.6 Service Pressures Reduction Strategy

The interim Director has recently written to all third tier managers highlighting a number of action points. Managers are currently processing a number of strategies to this end:

3.6.1 Vacancy Management

All non-essential posts which fall vacant will be deleted from the establishment. All posts which fall vacant but which carry out essential functions are deleted if at all possible, and their responsibilities redistributed to other posts. In some cases this is not possible, because of the specialist expertise required or because it would lead to unreasonable workload pressures on other posts. There is also an automatic standard six week waiting time in operation before vacant posts may be filled.

In addition Agency staff should not be used to 'backfill' vacancies. In exceptional cases authorisation to appoint agency staff can be made by the Assistant Director. The Assistant Director must approve in writing the employment of any agency staff.

Departmental Management Team is continuing to review the use of every member of agency staff, with a view to reducing numbers.

3.6.2 LAC Commissioning Strategy

The service has a target to reduce the total number of children in care, and also to reduce the total costs of care by reducing our reliance on residential and agency foster placements, and by seeking alternatives to fostering through family and friends care, residence orders and special guardianship orders. In addition the area teams have a brief to direct children away from the care system if possible through more comprehensive packages of support to children and their families. We expect over time to reduce both the numbers and the costs through this strategy. A monthly Child Review Board meets, chaired by the Director and including lead members and the PCT Chair, to monitor progress with the LAC Commissioning Strategy.

3.6.3 Home to School Transport Procurement

A procurement exercise is underway which, it is hoped, will reduce the prices of some contracts for home to school transport through having opened the market up to increased competition. There has been a shift of around £500k of business from taxis to minibuses for the academic year just begun, with a consequent reduction in unit costs. It is too soon yet to tell whether the new contracts will produce any savings in the current financial year, it is hoped that they might.

3.6.4 Supplies and Services

All expenditure on supplies and services is tightly controlled. Assistant Directors are required to authorise all non-routine expenditure above £500, and the Director above £5000. In addition DMT reiterated that all non-essential expenditure is stopped which is to be managed through more stringent authorisation procedures for new commitments.

Finally, Assistant Directors have already been asked to identify further savings from unallocated supplies and services budgets.

Louise Hoten
Head of Financial Services – Children & Young People's Trust
Corporate Services Directorate

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Financial implications

Contained within the body of the report.

Finance Officer consulted: *Jeff Coates*

Date: 4/12/07

Legal implications

The S75 Agreement between the partners of the CYPT sets out in detail the mechanisms by which overspends and underspends to the pooled budgets are to be dealt with. In summary in the event the CYPT budget is overspent at the end of the financial year overall, and the Chief Officers group consider that recovery cannot be achieved without the reduction of services under the Agreement, the CYPT shall be notified and agree to revise the relevant year's Budget, subject to the Policy & Resources Committee's approval (where appropriate). The PCT and the Council shall be responsible for any overspend at the end of a Financial Year in proportion to their contributions to the pooled fund, unless otherwise agreed.

Lawyer consulted: *Natasha Watson*

Date: 08.01.08

<p>Corporate/Citywide implications The budget for the CYPT provides for a citywide service for children, young people and their families for the current financial year.</p>	<p>Risk assessment A risk assessment is undertaken in relation to the management of individual budgets.</p>
<p>Sustainability implications There are no direct sustainability implications arising from this report.</p>	<p>Equalities implications The CYPT budget is intended to ensure that all children and young people receive services in accordance with their needs, and that in particular services are targeted to support the most vulnerable.</p>
<p>Implications for the prevention of crime and disorder There are no direct prevention of crime and disorder implications arising from this report.</p>	

<p>Background papers Detailed working paper files are held by Financial Services.</p>
<p>Contact Officers Louise Hoten, Head of Financial Services CYPT, Tel: 293440</p>