ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	**Meeting:**	**Cabinet Member for Children, Young People and Families' Services**
2.	**Date:**	**4th July 2012**
3.	**Title:**	**Children and Young People's Services Directorate Revenue Outturn 2011/12**
4.	**Directorate:**	**Children and Young People's Services**

5. Summary

The Children and Young People's Service Directorate unaudited Outturn (excluding schools delegated budgets) for 2011/12 shows an over spend of £4,116,532 against a net cash limited budget of £37,209,419. This represents a variation of +11.1%.

This outturn is before adjusting for the carry-forward of traded balances (£132,956 surplus). The adjusted variance to budget is £4,249,488 over spend (+11.4%).

A detailed report on Schools delegated balances will be submitted to Cabinet Member in late July once information regarding planned use of balances has been obtained from the schools with balances higher than the DfE threshold (5% Secondary, 8% other phases).

The outturn position shows an improvement of £240k on the March 2012 reported budget monitoring position.

6. Recommendations

Members are asked to:

- Receive the report;
- Note that the planned use of school balances will be reported to this meeting in late July.

7. Proposals and Details

In setting the 2011/12 Revenue Budget the Children and Young People's Services Directorate had to manage an unprecedented reduction in funding. The adjusted revenue budget for 2011/12 (including cross cutting corporately agreed savings targets) is £37.2m, a reduction of 20.2% (£9.4m) when compared to the final revised budget for 2010/11 (£46.6m). The Directorate also lost a significant amount of grants, the highest in the Council. The total reduction in grant funding from 2010/11 to 2011/12 was from £20.299m to £13.535m or a loss of £6.764m (33.3%)

During the year information from other local authorities has been presented (including statistical and regional neighbours) which highlighted the financial pressures being faced by the service both in their 2010/11 outturn figures and their latest 2011/12 forecast outturn projections. These pressures are similar to those faced by this Council and are predominately a reflection of the service demands and pressures in the Safeguarding and Corporate Parenting Service. This is a continuation of the position presented in 2010/11 when the Council allocated a one year supplementary budget approval to help mitigate these service demands and pressures.

Considerable, concerted proactive management actions to contain and where possible reduce the projected outturn position are continuing – to date it is estimated that these actions have helped the service avoid £4.78m of costs that would otherwise have been incurred. Further details on the impact of the management actions is presented at 7.6

The table below summarises the Net Outturn position against approved budgets for each service division:

	Net Budget	Outturn	Variation	Variation
	£000	£000	£000	%

Non School DSG Funded Services	52	52	0	0
Strategic Management	4,319	4,363	+44	+1
School Effectiveness	1,076	1,101	+25	+2
Access to Education	389	364	-25	-6
Special Education Provision	1,745	1,694	-51	-3
Youth and Community	2,000	2,084	+84	+4
Student Support / Pensions	1,503	1,526	+23	+1
Specific Grant Support	570	45	-525	-92
Delegated Services	-277	-379	-102	-37
Commissioning & Social Work	8,633	9,382	+749	+9
Children Looked After	12,669	15,930	+3,261	+25.7
Youth Justice	493	400	-93	-18.9
Other Children & Families Services	3,648	3,644	-4	-0.1
Support Services & Management Costs	389	1,119	+730	+187.5
Total	37,209,419	41,325,951	4,116,532	+11.1%

Presented below is an analysis of the main pressures and the underlying reasons beneath them:

Youth and Community (+£84k)
This overspend is due to an under recovery of income by Outdoor Education (£46K) which is attributable to difficult economic climate and staff cost pressures (£65K) and additional premises expenditure (£34K) due to the timing of closures or release of properties from the Youth Service. These pressures were partly offset by non-recruitment to a vacant post within Adult Community Learning (-£10K) and additional income received from NHS Rotherham (-£51K).

Commissioning and Social Work (+£749k)
The overspend in this area is mainly due to agency staffing costs. Through the successful recruitment to vacant social worker posts the service has managed to reduce agency costs by £1.064m from that experienced in 2010/11.

In addition, there were overspends on:

- Interpretation costs;
- Staff mileage costs;
- Supplies and services; and
- Premises costs due to withdrawal of DSG funding.

Children Looked After (+£3,261k)
Although the Council has managed to reduce the number of looked after children by 7 to 383 over the last 12 month period, there has not been a similar cost reduction due mostly to:

An increase in the number of children placed with independent foster carers (131 at the end of 2011/12 compared to 108 at the end of 2010/11, an increase of 23

children) due to a lack of in house capacity to absorb those coming from Residential Placements; and

Increased use of Special Guardianships and Residence Orders which under current policy allows the carer to maintain the current level of financial support for 2 years even though the child is no longer regarded as being looked after.

It should be noted that through re-negotiation of contracts and the introduction of a Framework Agreement for Independent Foster Care placements, £0.707m costs have been avoided.

Support Services and Management Costs (+£730k)
The overspend in this area is largely due to Legal costs (£757K) which are needs led and exceeded budgetary provision in 2011/12. This is partially offset by an underspend due to staff slippage (-£27K).

Remaining CYPS Services (-£707K)
This consists of £92K overspend on staffing & pension costs offset by the School Catering surplus of £133K (see 7.8 below), staff slippage in other areas (£54K) and the flexible allocation of grant underspends (£612K).

7.6 Impact of Management Actions
Considerable, concerted proactive management actions to contain and where possible reduce the budgetary pressures have continued throughout the financial year. In total, these actions have helped the service avoid £4.78m of costs that would otherwise have been incurred:

- Reduction in placement costs (£0.707m) through renegotiating contracts with external providers;
- Reduction in the use of agency staff (£1.064m) due to successful recruitment of social workers; and
- The introduction of a multi-agency support panel from April 2011 which through effective multi agency management actions and decision making has avoided costs of £3.009m.

7.7 Schools' Balances
The Schools' balances brought forward into 2010/11 were £2,827,619. An in-year increase of these balances to the value of £4,531,096 leaves balances of £7,358,715 to be carried forward into 2011/12. A separate report detailing the schools balances and their planned use will be submitted in late July.

7.8 Carry Forward of Traded Balances
In accordance with the 9th April 2008 Cabinet decision to carry forward 100% of surplus and deficits and be included in future years' business plans, the following trading service balances will be carried forward in to 2012/13 financial year:

£132,956 Schools Catering Service (Trading surplus)

8. Finance

Finance details are contained in 7 above.

9. Risks and Uncertainties

The outturn is subject to external audit verification during June/July.

10. Policy and Performance Agenda Implications

The overspend in Children and Young People's Service has been mitigated by proactively reviewing budgetary provision and the implementation of a moratorium on non-essential spending within the Directorate during 2012/13.

Children and Young People's Service Directorate has received Invest to Save monies from the Council. The initial £1.32m investment in this Service is estimated to achieve a net saving of £1.03m over the next 4 years. One aim is to reduce the number of out of authority fostering placements from 131 to 80 over the next 3 years.

11. Background Papers and Consultation

The Council's Medium Term Financial Strategy (MTFS) 2008 - 2011.

This report has been discussed with the Strategic Director of Resources and the Strategic Director of Children and Young People's Services.

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