

**HERTFORDSHIRE COUNTY COUNCIL  
CHILDREN, SCHOOLS AND FAMILIES  
SCRUTINY COMMITTEE  
WEDNESDAY 15 OCTOBER 2003  
RESOURCES SCRUTINY COMMITTEE  
THURSDAY 16 OCTOBER 2003**

**Agenda Item  
No:**

**2**

**COUNTY COUNCIL REVENUE AND CAPITAL BUDGET MONITOR - CHILDREN,  
SCHOOLS AND FAMILIES BUDGET  
MONITORING AND REPORTING IN 2002/03**

*Joint Report of the Director of Children, Schools & Families and the Finance Director*

Author:- Lesley Brockington, Assistant Director, Resources  
Tel: 01992 555710

Executive Member:- Robert Gordon

**1. Purpose of report**

To address issues relating to the CSF outturn monitor raised by the Resources Scrutiny Committee at their June meeting.

**2. Summary**

- 2.1 At the end of the financial year 2002/03 the budget for Children, Schools & Families of £655.59m was overspent by £3.62m or 0.55%. This was £0.94m higher than the figure of £2.68m previously reported. The failure to report this overspending earlier has also led to the current year's budget being under provided as reported to the Cabinet in September.
- 2.2 Section 2 provides a brief overview of the findings of the audit carried out to review the adequacy and effectiveness of budget monitoring and reporting processes within CSF commissioned by the Finance Director to establish how the situation had arisen.
- 2.3 Section 3 reports on actions taken to strengthen the process in response to the audit recommendations.
- 2.4 The Children and Families Panel considered a report which set out the key pressures and problems currently found in the Looked After Children budget and the recommendations of the Panel are appended to this report.

### **3. Conclusion**

- 3.1 The audit report has identified reporting weaknesses that left potential overspends. In the absence of any advice that budgets were insufficient, other than the overspends that were reported and are covered in the current years budget no further provision was made.
- 3.2 Processes are now in place to ensure that all significant forecast budget variances within CSF are properly identified and reported in accordance with financial regulations.
- 3.3 As a consequence CSF Board will be able to sanction management actions, within limits authorised in financial regulations, to remedy potential variations in year and to review the effectiveness of such management action in controlling the budget.

## **1. Background**

- 1.1 CSF Scrutiny and Resources Scrutiny Committees received Budget Monitoring reports in June 2003 which reported a forecast overspend for CSF of £3.62m for 2002/03. This was £0.94m higher than the previously reported figure of £2.68m.
- 1.2 Resources Scrutiny Committee, whilst recognising the unavoidable pressures on some parts of the CSF budget, was concerned that the projected overspend had increased and had been identified too late for inclusion in the next year's budget. The Committee recommended that CSF Scrutiny Committee considers the issue in depth at this meeting and that a report be submitted to Resources Scrutiny Committee.
- 1.3 The Finance Director had requested that, as part of the annual audit of financial management arrangements in all HCC departments, special attention be paid to CSF's budget monitoring process and that the results would be made available to members of CSF and Resources Scrutiny Committees.
- 1.4 The promised Internal Audit report has been circulated to all members of CSF and Resources Scrutiny Committee. The report contains exempt information and, if the committee wish to discuss it in detail, members would need to move into a confidential Part II session.

## **2. Budget monitoring and reporting 2002/03**

- 2.1 The Audit review has highlighted weaknesses in reporting which are detailed in the circulated report.
- 2.2 The Children and Families Panel on 25 September 2003 considered a report on the pressures and on difficulties experienced within the Looked After Children budgets and passed the recommendations at Appendix I.

## **3. Actions taken to strengthen Budget Monitoring Reporting and Control within CSF**

- 3.1 In July 2003 CSF Board agreed a new budget monitoring and reporting process with budget monitoring reports for CSF considered by the whole Board on a monthly basis.
- 3.2 The report is prepared in collaboration with budget managers and details all potential budget variations over £50K and summarises remedial management action proposed. This allows CSF Board to have a view of the budget position of the whole service and sets a context within which to take further spending decisions. Board members are also able to assess the effectiveness of management actions in reaching a balanced budget.

- 3.3 The report is used as the basis for the input to the corporate monitoring process and is reviewed by the Executive Member for CSF. The latest report on budget monitoring in 2003/04 appears elsewhere on this agenda.
- 3.4 Within the new process some budgets are classed as key budgets because their size or volatility and will therefore need greater attention to ensure that variations and remedial action are speedily identified. The budget for Out County Placements meets this definition and it is proposed to take an in depth report on the placement of looked after and other children to Children and Families' Panel. One aspect of this report will identify the need to employ better forecasting tools to identify possible future demand and resource requirements.
- 3.5 The new Director of CSF has strengthened the monitoring process further with a focus on the strategic management of performance, to improve the matching of resources to service priorities and plans.
- 3.6 It has been agreed at CSF Board to introduce a new monthly report which integrates consideration of service performance in an effective financial context.
- 3.7 To ensure that the more rigorous budget monitoring is effective additional resources have been made available within CSF Resources to focus activity and support budget managers in maintaining a balanced budget. In addition to the overall budget monitoring report for Board it is proposed that this post co-ordinates the production of monthly reports for Assistant Directors summarising information for their divisions.
- 3.8 The Finance Director is reminding all senior managers and officers of their reporting obligations and is reviewing current practice. The Audit Report action plan clarifies reporting requirements.
- 3.9 An objective of the new Financial Information System is to provide improved central and independent budget monitoring information.

#### **4. Conclusion**

- 4.1 Internal Audit found shortcomings in the budget monitoring and reporting process for CSF in 2002/03.

Action has now been taken to rectify these shortcomings.

#### **5. Rural Implications**

None

## **BACKGROUND REPORTS**

*Background reports used in compiling this report.*

County Council Revenue and Capital Budget Monitor as at February 2003.

Provision for Looked After Children – Report to Children and Families Panel –  
September 2003

**PROVISION FOR LOOKED AFTER CHILDREN**

The Panel

1. recognises
  - a) the relentless national and local increase in the number of Looked After Children and the increasing intensity of their needs
  - b) the difficulty in predicting and controlling these largely demand-led budgets
  - c) the decision of the Administration in providing an adequate central contingency to ensure that the needs of these vulnerable children can be met within total budget
2. requests further reports on the review and possible amendment of the Strategy for Looked After Children (and related preventative measures) which should seek to restrain expenditure while appropriately meeting the needs of the children
3. invites the Cabinet to consider
  - a) making the case to Government that it should fully reimburse the County Council with the consequential costs of supporting unaccompanied asylum seekers
  - b) making appropriate adjustments between the central contingency and the budgets for Looked After Children (and related preventative measures) to reflect the higher level of the need to spend