

C S F Revenue Monitor April to July 2003

1.1 Projected Out-turn Position

1.1.1 Table 1 summarises the forecast out-turn position:

Table 1 Revenue Budget 2003/04
forecast out-turn

Description	Amount £'000
Original budget	674,637
Changes to original budget	213
Latest approved budget	674,850
Forecast net expenditure	677,657
Forecast net overspend	2,807
As % of latest approved budget	0.42%
Carry Forwards Requested into 2004/5	0

1.1.2 Table 2 shows in summary the composition of the net £2.807 million overspend.

Table 2 Composition of net £2.807 million overspend

Description	Total £'000	
Overspends	5,036	2.1
Planned underspends	(1,229)	2.2
Unplanned underspends	(1,000)	
Net overspend	2,807	

1.1.3 At the end of last financial year the CSF budget had a significant overspend and elected members raised concerns. CSF Scrutiny Committee have asked for a report on this for their next meeting. As a result of the overspend an internal audit was commissioned and the outcomes of the report will be presented to the next Resources & CSF Scrutiny Committee meetings along with the latest monitoring information for 2003/04.

1.2 Detailed Over and Underspends

1.2.1 Out County Placements - £3,000,000 or 18.8% Overspend

The budget for Out County Placements was increased by £3m in 2003/04 to reflect demography in terms of pattern of need and expected inflation of an average 5%. Despite this increase this budget is suffering from additional pressures in three areas.

- Increases in unit costs

The impact of the care standards legislation on residential homes, requiring building alterations and revised occupancy rates, together with higher staffing costs from e.g. increases in national insurance rates, are leading to significant increases in the cost of out county placements. The price of placements is currently between 9 and 10% higher on average than in the previous year. This gives a variation of approximately £700k over the budgeted inflation increases of 5% calculated last November as part of the budget process.

- Impact of unaccompanied asylum seekers

The impact of unaccompanied asylum seekers has already been raised in previous reports as an area of concern. Most unaccompanied asylum seekers are placed with foster carers and the Government provides a grant to cover the costs of these placements. As numbers of Looked After Children have increased, there is increased demand for foster care placements. Placing unaccompanied asylum seekers in foster care placements means that Looked After Children have to be placed out county which is more expensive. The net impact of this movement is approximately £500k.

- Impact of growth in Looked After Children numbers and legislative changes on social care placements

Although the number of Looked After Children has risen in Hertfordshire over recent years it has only now reached the national average. Changes in legislation following the Care Leavers Act and the Climbie Report have led to an increase in the duration of out county placements. Children on average enter care earlier and stay in care for longer. Although difficult to predict, it appears that this will lead to a projected overspend of £1.8m at the year end.

The Out County budget is a complex one and has many interrelationships with other budgets contained in this report. As a demand led budget, which is not easy to predict, if numbers rise and we are unable to recruit

additional foster carers the budget may be subject to further pressure. It is proposed to carry out a detailed review of out-county placements together with

related budgets, to enable better modelling of budget needs and improve control mechanisms. As a preliminary to the review, Internal Audit will compare our practice and costs with other councils. It is aimed to complete the review by the end of September with a report to the Children and Families Panel on 25 September.

1.2.2 Fostering and Adoption - £1,066,000 or 16.5% Overspend

The increase in Looked After Children has meant that an additional 86 new foster placements are needed above the provision in the original budget. It is estimated that this will cost, using an average of between £10,000 and £12,000 per placement, £1.066m more by the year end. There is a close relationship between this budget and Out County Placements. This budget will form part of the in depth review mentioned above.

1.2.3 SEN Home to School Transport - £600,000 or 5.9% Overspend

The projection of £600,000 spend above budget is based on increased numbers of pupils needing transport and estimates for new contracts in the East and North of the county which is currently in the tender process. Contract renewals are showing increased costs, which is impacting on spending levels.

1.2.4 Reorganisation Costs - £250,000 or 8.2% Overspend

This item arises from current commitments in respect of added years costs relating to early retirements. Efforts continue to reduce the overspend by creating redeployment opportunities, but the budget may overspend by up to £250,000 in this year.

1.2.5 Nursery Provision - £1m or 25% Underspend

Progress towards universal nursery provision for three year olds is planned to take place over the financial years 2003/4 and 2004/5, and although this is still expected to be achieved in this timescale, the uptake of nursery places has been slower than anticipated in some areas. It is estimated that this will result in a one-off underspend in 2003/4 of £1m.

1.2.6 In Year Savings - £820,000 or 2.5% Underspend

All divisions of CSF (excluding schools budgets) will identify savings of 2.5% of their divisional budgets to contribute to the management of the overspends listed above. These savings will not impact on service priorities. Work is underway to identify specific budgets to be saved.

1.2.7 Transition Courses - £109,000 or 64.5% Underspend

The underspend reflects the increasing proportion of the cost of these courses which is now being met by the Learning and Skills Council.

1.2.8 Family Placement Teams - £300,000 or 7% Underspend

Savings relate to fostering projects - complex placement allowances and other staffing associated costs.

1.2.9 Maternity Cover - £60,000 or 6.5% Overspend

Additional budget of £205,000 was made available in 2003/04 to reflect legislative changes to maternity leave and to cover the trend of increased numbers. Continued volume changes lead to a projected overspend of £60,000 for the year.

2.1 Areas of Concern

2.1.1 There are a number of budgets showing current overspends because of actual spending to date or known commitments. No variation is projected at the year end as it is anticipated that management action in place will resolve the potential overspend. These budgets represent areas of concern and are detailed below.

2.1.2 Local Services Transport

The budget which is currently overspent by £55k.funds the transport of Looked After Children, Children with a Disability and young people supported under Section 17 of the Children's Act 1989.

The main reasons for overspending are that the budget reflects the increase in numbers of Looked After Children. In addition, there is evidence of increases in the anticipated number of journeys per child, greater use of taxi firms being necessary and the increased unit costs of taxi contractors as a result of new licensing laws.

Management action to address the overspend problem currently being implemented includes the reviewing of all longer term transport arrangements, establishing more secure processes for obtaining estimates of costs for each new journey, and reviewing transport options other than via taxi.

2.1.3 Children with Disabilities Respite and Shared Care

There is increased demand for respite care which could lead to potential overspends of £315k. The level of care provided in packages is being reviewed to ensure that it is appropriate and to reduce the level of spend however this may lead to a reduction in placements offered.

2.1.4 Local Services Staffing

Despite an overall improvement in the vacancy position in the Quadrants, there is still some need for agency cover to fill remaining vacancies. Quadrants are reviewing staff deployment to reduce this level of spend. Without this action an overspend of £277k might be expected.

2.1.5 Residential Homes

The cost of agency staff to cover staff sickness and vacancies could lead to a variation of £172k should it continue at current levels. The staff rota system is under review to reduce the need to spend in this area.

2.1.6 SEN Additional Welfare and Tuition

Increased provision for SEN pupils is indicating potential overspends of £258k. Criteria for provision are under review to reduce the spend where appropriate.

2.1.7 Legal and Other Specialist Fees

Currently this budget is projected to be overspent by £281k because of increased volumes of childcare litigation. Management action is underway to review costs and to identify compensating savings. There are concerns however around continuing levels of litigation.