

CSF Revenue Monitor April to December 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	352
Latest approved budget	674,989
Forecast net expenditure	681,498
Forecast net overspend	6,509
As % of latest approved budget	0.96%
Carry Forwards Requested into 2003/04	

1.1.2 Table 2 shows in summary the composition of the net £6.509 million overspend.

Table 2 Composition of net £6.509 million overspend

Description	Total £'000	
Overspends	11,482	
Planned underspends	(3,773)	
Unplanned underspends	(1,200)	
Net overspend	6,509	

2.1 Overspending Budgets

2.1.1 Out County Placements - £4.94m or 30% Overspend

At the end of the last financial year this budget had a significant overspend and elected members raised concerns and referred this issue to Resources Scrutiny Committee.

The budget for Out County Placements was increased 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 around 12% higher on average than in the previous year. This gives a variation of approximately £1.04m over the budgeted inflation increases of 5% calculated last November as part of the budget process.

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

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. The recent report to Children and Families Panel on 11 December 2003 identified drives for the increase in Out County placements. These include nature of provision (e.g. rise in numbers of teenagers who have challenging sexualised behaviour), problems with recruitment and retention of skilled social workers, together with pressure from families to secure looked after status for their children to secure additional report.

The impact of this increase in volume in terms of days funded equates to a cash impact of +£1.6m. The effect of the change in 'mix' of placements (particularly social care) from the lower to the higher cost care areas accounts for overspend against the budget or +£2.3m.

To summarise the overspend position currently, forecast can be broken down as follows:-

	£
• Volume increase	1.60m
• 'Mix' in placements	2.30m
• Unit Cost Increase	1.04m

The increase of £314k from the last monitor relates to:

	£'000
- 6 new social care placements	360
- 4 ended placements	(90)
- changes in packages relating to 85 young people (i.e. fee increases, change of provider)	44

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.

2.1.2 Fostering and Adoption - £1,125,000 or 17.4% 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 overage of between £10k and £12k per standard placement. The additional overspend element, over and above standard costs, relate to an increase in day care and respite service provision. There is a close relationship between this budget and Out County Placements.

2.1.3 SEN Home to School Transport - £780,000 or 7.7% Overspend

The projection of £780,000 spend above budget is based on increased numbers of pupils needing transport and the cost of new contracts in the East and North of the County which have now been tendered. Contract renewals are showing increased costs which are impacting on spending levels.

2.1.4 Local Services Staffing and Staff Related - £435,000 or 1.7% Overspend

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. An exercise is under way to review and report upon the use made of the Behaviour and Achievement funding made available in 2003/04 and the full year costs in 2004/05. This covers a number of Divisions including Local Services.

2.1.5 Children with Disabilities Respite and Shared Care - £376,000 or 33.9% Overspend

The overspend reflects the high level of demand for respite care. The level of care provided in packages is being reviewed to ensure it is appropriate and to reduce the level of spending where possible. However, this may lead to a reduction in placements offered.

2.1.6 Local Services - Transport - £580,000 or 40.9% Overspend

The budget 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. The movement of £118k during the month relates to further increases in natural parent's visits, taxis to schools and volunteer drivers.

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.

2.1.7 ORACLE - £350,000 or 116.7% Overspend

Delays in project development and implementation have resulted in additional project costs.

2.1.8 Looked After Children - £426,000 or 79.8% Overspend

The budget is for payments to young people living independently, payment to parents under Placement with Parents Regulations and exceptional expenditure. The main reasons for overspending are the continued employment of sessional workers via Wrixon Care Agency in East Quadrant and high levels of exceptional expenditure for 5 clients based in West quadrant.

Management action to address this issue has been identified as follows:

- To investigate and agree end dates for the high expenditure clients (West)
- Review all sessional work packages

The movement of £82k during the month relates to continuing levels of expenditure for one quadrant, together with revisions to commitments.

2.1.9 Legal and Other Specialists Fees - £303,000 or 22.8% Overspend

It is anticipated that this budget will overspend by £303,000 because of increased volumes of childcare litigation. Management action is underway to review costs. There are concerns however around continuing levels of litigation.

2.1.10 Premature Retirement - £289,000 or 9.5% Overspend

The overspend reflects the level of existing and ongoing retirement pension commitments which do not allow sufficient remaining budget to fund unavoidable new retirements. Efforts continue to reduce the overspend by creating redeployment opportunities.

2.1.11 Section 17 - £144,000 or 22.7% Overspend

This budget provides preventative, childminding and playgroup funding for young people placed under Section 17 of the Children's Act. The main reasons for overspending are the continued employment of sessional workers via Wrixon Care Agency in East and West quadrant, plus a number of high costing clients in West quadrant.

Management action to address this issue has been identified, including review of all high spending cases and review of all sessional work packages. The reduction in projection of £-72k relates to a further decrease to the forecast spend for sessional work and reduced commitments for Childminding and Playgroup sponsorship.

2.1.12 SEN Additional Welfare and Tuition - £480,000 or 6.8% Overspend

The overspend largely reflects an increase in the number of children with Special Educational Needs, together with an increase in the level of need identified on some of the new allocations. There have also been further backdated payments relating to 2002/03, over and above the provision made.

2.1.13 Client Service Charges - £89,000 or 16.5% Overspend

The budget funds the CSF Client Services Division of the HCC Call Centre and relates to staffing and associated non-pay costs. The main reason for the overspending relates to a higher than anticipated service volume need, effecting staffing level requirements which has also resulted in the use of agency workers. The non-pay element is also overspending.

2.1.14 Cognitive Ability Tests and Assessment Data - £100,000 or 1.3% Overspend

The cost of analysing CAT results, making them available to secondary schools, and the full cost of processing Assessment Data has exceeded the planned budget.

2.1.15 Call Centre Recharge - £135,000 or 22.5% Overspend

Projected CSF call volumes being handled through the Call Centre means that the service will need to cover additional costs over the previously budgeted level.

2.1.16 Mainstream Home to School Transport - £200,000 or 2.4% Overspend

Expenditure on transport ordered by CSF directly (as opposed to through the Passenger Transport Unit (PTU) is projected to be £200,000 over budget. The expenditure relates largely to consortium transport and various exceptional hardship items. The position on transport commissioned through PTU is now clearer in the light of the pattern of transport required in the new academic year, and PTU ordered expenditure is expected to be within budget.

2.1.17 Youth Offending Teams - £180,000 or 6.1% Overspend

Forecast expenditure of £180,000 more than the total funding available from CSF, other agencies and Government Grant. Further work is needed to manage the impact in 2003/04 and into 2004/05.

2.1.18 Criminal Records Bureau - £111,000 or 70% Overspend

The overspend is entirely the consequence of a doubling of the fees charged by the Bureau. This has now been met from the corporate contingency

2.1.19 Hospital & Home Education - £129,000 or 14.3% Overspend

The current level of demand for Hospital & Home Tuition has resulted in a forecast overspend of £129,000. Budget management responsibility currently sits within Development Division, although expenditure commitments are entered into by Quadrant based staff. It is proposed to set savings targets for each Quadrant, to focus attention in particular on the need to ensure that Home Tuition is only continued for so long as it is the most appropriate provision for the individual child.

2.1.20 Maternity Cover - £189,000 or 20.6% 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 £189,000.

2.1.21 Residential Homes - £228,000 or 3.4% Overspend

The cost of agency staff to cover staff sickness and vacancies could lead to a variation of £228,000 should it continue at current levels. The staff rota system is under review to reduce the need to spend in this area, but is unlikely to reduce spend beyond this figure.

3.1 **Unplanned Underspends**

3.1.1 Nursery Provision - £1,200,000 or 30% Unplanned Underspend

Progress towards universal nursery provision for three year olds is planned to take place over the financial years 2003/04 and 2004/05, and although this is still expected to be achieved in this timescale, the update of nursery places has been slower than anticipated in some areas. It is now estimated that this will result in a one-off underspend in 2003/04 of £1.2m.

4.1 Planned Underspends

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

All Divisions of CSF (excluding school budgets) have identified 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. Specific budgets on which savings totalling £820,000 will be made, how now been identified for Directorate, Operations, SSC, Local Services, Planning, Resources and Other Departmental Overheads.

4.1.2 Further In Year Savings - £1,000,000 or 3.0% Underspend

As part of a very recent Budget Challenge exercise, further savings totalling £1m have been identified in 2003/04. These savings will not impact on service priorities.

4.1.3 Annual provisions / minor capital works - £1.023m Underspend

Savings of £1.023m have been identified in the service's capital programme, which will enable an equivalent reduction in the revenue contributions to capital that support the overall programme.

4.1.4 Family Placement Teams - £340,000 or 8.0% Underspend

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

4.1.5 Leased Car Discount - £305,000 Underspend

The volume of new leased cars ordered in 2003/4 has given rise to higher than originally budgeted levels of discount from the manufacturer.

4.1.6 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.

4.1.7 Family Centres - £128,000 or 4.6% Underspend

The underspend reflects the continued staff vacancy position in the Family Centres.

5. Areas of Concern

5.1 There are a number of budgets showing current overspends because of actual spending to date or known commitments. These budgets represent areas of concern and are detailed below.

5.1.2 Homecare P&V Agency

This budget provides for private and voluntary homecare for clients other than Children with Disability. The potential overspend of £58k relates to high-cost packages for two clients. Management action to ensure alternative provision and thereby substantially reduce the overspend is in hand.

5.1.3 Child & Adolescent Mental Health Service

The Child & Adolescent Mental Health Service is now operated as a pooled budget with ACS and the Health Service. Under the terms of the pooling agreement, CSF is obliged to make its full contribution even if the relevant part of the service underspends. £106,000 is the 2002/03 underspend which the Pooled organisation is entitled to claim from CSF.

5.1.4 High Wick Funding (Resources) - £200k

Back in 1997/98, the Hospital Special School that operated at High Wick was closed, following an agreement made between the District Health Authority and Hertfordshire County Council.

Part of that agreement was that the District Health Authority were to make an annual revenue payment each year in perpetuity to provide funding for the children that would have otherwise attended the school. Invoices have been raised on an annual basis by Education/CSF Finance for the revenue amount (plus inflation) and all have been paid. However, the invoice for 2002/03 amount of £95k was queried by Health. There is no signed legal agreement for the arrangement, although reference to the agreement is made in the Education Committee paper of 21 September 1987. Corporate Services have been contacted

5.1.5 IT Equipment and Administrative Costs

IT infrastructure and PC installation costs along with postages have experienced significant pressures in the year. Investigations are underway to contain these costs, but in a worst case, an overspend in 2004/05 of £400,000 may arise.