

Wiltshire Council

Cabinet (full version of report)
15 February 2012

Children's Services Select Committee (edited version of report)
29th March 2012

Budget Monitoring Period 9 December 2012

(N/B. This is an edited version of the full Budget report received by Cabinet on 15th February – this version contains only the information pertinent to children's services)

PURPOSE OF REPORT

1. To advise members of the revenue budget monitoring position as at the end of Period 9 (December 2011) for the financial year 2011/2012 and highlight any significant new cost pressures or changes since the last report on 13 December 2011.

BACKGROUND

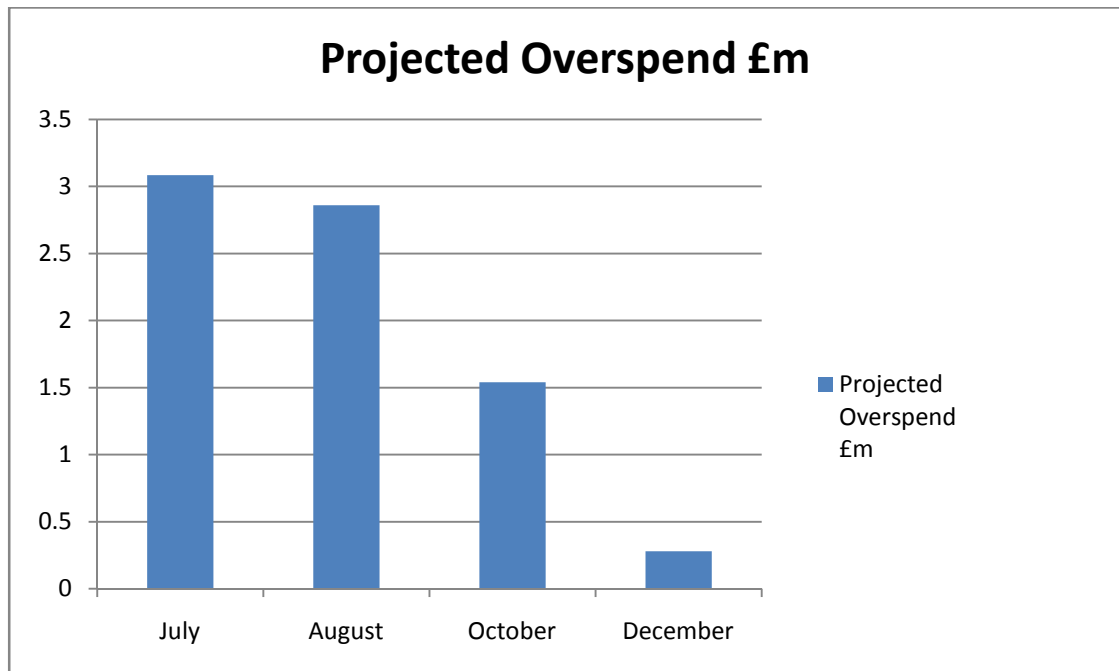
2. This report is in the new senior management structure ratified by Council on 8 November 2011. The detailed reports have been recast into the new structure, which shows expenditure by service areas.
3. As in previous periods, the report focuses on the gross and net position by service area. Comprehensive appendices showing the individual budget headings are included in Appendix C. More details on the movements in the year are included later in the report.

SUMMARY

4. The projected year end position for the relevant accounts is set out as follows:

	Revised Budget Period 9 £m	Profiled Budget to date £m	Actual and committed to date £m	Projected Position for Year £m	Projected Over/ (Underspend) £m	Over/ (Underspend) reported at period 7 £m	Movement since period 7 £m
General Fund Total	329.847	438.411	329.499	330.126	0.279	1.539	(1.260)
Housing Revenue Account	(0.411)	(0.411)	(0.411)	(0.485)	(0.074)	0.000	(0.074)

5. The graph below shows how the forecast outturn overspend has decreased in budget monitoring reports in Cabinet this year. The graph shows a clear continual improvement in the projected overspend, following financial management throughout the Council.



COST AND INCOME PRESSURES

6. Finance have continued to monitor budgets with a focus on those budgets assessed to be subject to a higher risk of volatility due to factors such as changes in demand or assumptions. This has identified the areas where costs have risen quicker than forecast.
7. Budget monitoring is an ongoing process and budgets and expenditure are reviewed between budget managers and accountancy regularly, on a risk based approach.
8. The Period 7 report identified significant potential cost pressures in those high risk services totalling £1.539 million. This report identifies an overall improvement in these cost pressures with a reduction totalling £1.260 million. This gives a downward revised cost pressure of £0.279 million at period 9. This is summarised and tied back to the last monitoring report in Appendix D. This table has been recast to reflect the Council's new management reporting structure. The overall balance brought forward is the same, but some of the figures have been split down to give more details.
9. The period 9 report shows more detailed information and includes a number of smaller variances. Full details of service area figures are included in Appendix C.

BUDGET MOVEMENTS SINCE PERIOD 7 REPORTED TO MEMBERS

10. There have been some movements between service areas in budget since the last monitoring report at period 7. More details are given in Appendix B.

Detailed monitoring

11. The overall revised projected net position by service areas is set out in Appendix C.
12. A more detailed summary of the forecast variances is set out by service areas as follows. Budgets are profiled to reflect actual spend within the year. This leads to some variances between the current profiled period 9 budget and actual and committed to date. This is due to timing differences for example with schools and work will continue to refine budget profiling within the year.

Children's Services (including Safeguarding, Children's Social Care, Integrated Youth, Early Years, School Improvement, Business & Commercial Services, Targeted Services & Learner Support, Commissioning & Performance and Funding Schools)

13. Children's Services budgets are projected to underspend by £0.288 million. An increase in the overspend for Children's Social Care is offset by underspends across other service areas.
14. Looked after Children (LAC) numbers were 396 at the end of December and the in year increase in the numbers of LAC is reflected in the expenditure on placements. The external placement budget is projected to overspend by £0.373 million, commissioning 6,926 more nights care than budgeted for. The in-house placement budget is projected to overspend by £0.298 million, or 11,515 nights care.
15. The overspend on care leavers has increased by £0.098 million in December and reflects data cleansing and improved systems for recording expenditure on personal allowances for young people leaving care.
16. Integrated Youth Services are projected to underspend by £0.465 million. This is due to planned vacancies across the service and to over recovery of the year 1 savings target within the Connexions Service.
17. Schools and Learning Services are projected to underspend by £0.671 million. Key variances include:
 - The Early Years service is projected to underspend by £0.349 million due to planned vacancies and one off income.
 - SEN Transport budgets are projected to underspend by £0.200 million due to improved procurement and review of individual routes.

- Urchfont Manor is projected to overspend by £0.100 million due to a shortfall in income
18. The implementation of the corporate Admin Review has led to potential delays in achieving savings through phase 2 of the Business Support reviews in Social Care and Business & Commercial Services through the alignment of the processes. This may impact on achievement of the full year saving included in the business plan for 2012/2013. This will be further reviewed during future budget monitoring.

Passenger Transport (including Education Transport and Public Transport)

19. The service is forecasting a combined underspend of £0.620 million which is attributable to savings achieved in various areas of spending since the budget was set. These have been reflected in the budget that is being proposed for 2012/13. The underspend has seen a movement between the Education and Public Transport service lines due to clarification of expected transport contract costs through detailed analysis of the Routewise system. The underspend on Education Transport has decreased, but this has been offset with an increase in the Public Transport underspend, meaning the overall underspend has reduced by £0.020 million since the last monitoring report.

RESERVES

20. The tables below provide the latest forecast as at period 9 on the general fund balance and estimated earmarked reserves held by the council. The latest forecast on general fund currently stands at £11.559 million at 31 March 2012. This will be factored into the revenue budget proposals for 2012/2013.

General Fund Reserve	£ million	£ million
Balance as at 1 April 2011		(13.926)
Planned contribution in 2011/2012	1.867	
Extra draw re transformation	0.500	
Current Forecast Overspend at year end	0.000	
Total Forecast movement		2.367
Forecast Balance 31 March 2011		(11.559)

21. A review of the assessment of need has been undertaken by the S.151 Officer to link all the General Fund balances to risk. This will be updated as part of setting the 2012/2013 budget.

Overall conclusions

22. The December Cabinet report for period 7 suggested an overspend / shortfall on the balanced budget of £1.539 million due to cost pressures.
23. During the period additional cost pressures and savings have been identified that gives a downwards reduction of £1.260 million. This has resulted in a revised forecast of a potential projected overspend based on assumptions, at end of period 9, of £0.279 million.

Cost pressures reported period 7	£1.539 million
Reduction in cost pressures in period	(£1.260 million)
Cost pressures end of period 9	£0.279 million

24. The early identification of potential issues is part of sound and prudent financial management. Action to address this year's forecast should be taken where officers have the delegated powers to do so and this is underway.

Implications

25. This report informs member's decision making.

Risks assessment

26. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on its reserves. The level of reserves is limited and a one off resource that cannot thus be used as a long term sustainable strategy for financial stability. Budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken. At this stage that is in place.

Equalities and diversity impact of the proposals

27. None have been identified as arising directly from this report.

Financial implications

28. This is a report from the Chief Finance Officer and the financial implications are discussed in the detail of this report. If all proposed actions are delivered this will yield a balanced budget by 31 March 2012.

Legal Implications

29. None have been identified as arising directly from this report.

Proposals

30. Members are asked to note the outcome of the period 9 (December) budget monitoring and receive updates movements since the previous report in October.

Reasons for proposals

31. To inform effective decision making and ensure a sound financial control environment.

Background Papers and Consultation

2011-15 Business Plan

2011-15 Financial Plan

Budget Monitoring Cabinet Period 3 26 July 2011

Budget Monitoring Cabinet Period 4 13 September 2011

Budget Monitoring Cabinet Period 5 18 October 2011

Budget Monitoring Cabinet Period 7 13 December 2011

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Appendices:

Appendix A: Revenue Budget Movements 2011/2012

Appendix B: Service Area Movements 2011/2012

Appendix C: Detailed Service Area Budget Statements

Appendix D: Forecast Variance Movement