

CHILDREN'S SERVICES SCRUTINY COMMITTEE
29th November 2006

REVENUE BUDGET MONITORING 2006-2007

Purpose of the Report

1. A Revenue Budget Monitoring Statement for the Children & Education Service is attached for consideration by members (Appendix 1).
2. The report also shows Service Standards Monitoring information.

Background

3. This statement is based on expenditure and standards to the end of **October 2006**.
4. The approved budget has been adjusted to reflect all supplementary estimates advised by Central Accountancy, and for virements approved by the Director of Children & Education.

The approved budget for the year was £41.990 million

Approved changes since then are:

Invest to Save repayments	-£0.265m
Change Programme rollover	£0.087m
Change Programme rollover	£0.027m
Corporate Recovery Plan	-£0.500m
Invest to Save repayment	-£0.050m
Chief Officers Pay Award	£0.004m
Training SLA to Department	£0.019m
Student Support budget to DACS	-£0.071m
Development Staff to DACS	-£0.051m
Centralisation of ICT Staff	-£0.399m
Centralisation of Landlords R&M	-£0.738m
Corporate Recovery – Furniture/Equipment	-£0.057m
Corporate Recovery – Training	-£0.026m
SEN staff to CCU	-£0.031m

Total approved budget **£39.939 million**

Forecast spend **£40.292 million**

5. The performance monitoring information follows the format agreed by the Cabinet on 29 July 2003 and is based on the service standards approved by the County Council in February 2004.

Main Considerations for the Council

Current Position

6. At 31st October the Department for Children & Education is projecting an overspend of **£0.353 million**. This overspend relates to a shortfall in Dedicated Schools Grant (DSG) which has arisen because the final level of DSG is lower than the schools budget agreed by Schools Forum. The final level of DSG was not notified to the authority until June 2006, 3 months after the budget was set.
7. Cabinet has agreed that this shortfall should be rolled forward as a first call on the DSG for 2007/08 and therefore the projected overspend is not a risk to the County Council's revenue budget in the current year.

Key Pressures

8. Placement budgets remain a key budget pressure but are currently projected to break even. The budgeted shift from residential provision to foster care has still to be fully achieved, however, placements are being purchased at a lower unit cost than budgeted for. Further analysis of expenditure on mainstream and disability placements is shown in Appendix 2.
9. There is pressure on the Premature Retirement Cases (PRC) budget for teaching staff. If these cases relate to amalgamations and federations of schools then they can be legitimately classified as DSG expenditure, with Schools Forum's agreement, because they result in subsequent savings to the Schools budget. If such savings cannot be realised then these costs cannot be charged against DSG and so fall as a pressure on the local authority budget. The PRC budget is currently projected to overspend by approximately £0.045 million and work is ongoing to analyse the reasons behind the costs.

Pressures on DSG budgets

10. The schools budget is 100% funded by DSG and any over or underspends are to be dealt with within the overall grant, either in year or as a call on the grant in future years. As such, pressures on DSG budgets are not a risk for the County Council revenue budget and pressures against DSG are reported regularly to Schools Forum.
11. As stated in paragraph 6 above there is a shortfall of £0.353 million against the DSG for 2006/07 because the final grant level was lower than the schools budget agreed in February. DSG is based on January pupil numbers and there is risk each year that the agreed budget will not equate to the final approved grant.
12. The main pressures against DSG budgets are on the Independent School Fees budget. This budget is currently projected to overspend by £0.089 million. This overspend is currently being offset by underspends against the Special Recoupment budget and the Young Peoples' Support Service (YPSS). There are, however, a number of outstanding tribunal cases which may result in placements in independent special schools. If all of these tribunals are lost by the authority the resultant cost could be a further £0.260 million.

Environmental Impact of the Proposal

13. None identified.

Risk Assessment

14. Whilst non DSG budgets are currently projected to break even there continues to be risk against placement budgets due to the number of residential placements that are being provided. This risk is being mitigated by lower tight “gatekeeping” procedures and lower than budgeted unit costs for both external residential placements and independent foster care placements.

Financial Implications

15. Current estimates indicate that the Department will overspend by £0.353 million in 2006/07. This overspend relates to a shortfall in the level of DSG and will be carried forward as a first call on the 2007/08 grant.

Reasons for Proposals

16. To inform Members of the current financial position within the Department.

Proposals

17. To note the current financial position and the key areas of pressure in 2006/07.

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Unpublished documents relied upon in the preparation of this report: