

**Executive Member for Education and Children’s Services and
Advisory Panel**

8 June 2006

Report of the Director of Learning, Culture and Children’s Services and the Director of Resources

**EDUCATION and CHILDREN’S SERVICES DRAFT REVENUE OUTTURN
- 2005/06**

Summary

- 1 The purpose of this report is to set out the draft outturn figures for the financial year 2005/06 for the Education and Children’s Social Services budgets. The individual variations are detailed in full at Annexes 1 and 2 respectively. In summary though the draft outturn for 2005/06 is as follows:

	Latest Approved Budget £000	Draft Outturn Expenditure £000	Outturn Variation	
			£000	%
Education	88,387	87,712	- 675	- 0.8%
Children’s Social Services	9,117	9,710	+ 593	+ 6.5%
Portfolio Total	<u>97,504</u>	<u>97,422</u>	<u>- 82</u>	<u>- 0.1%</u>

- 2 It should be noted that all of the figures are provisional and may be adjusted. However, significant changes are not expected to be made.

Background

- 3 The original Education and Children’s Social Services revenue budgets, approved at Council on 22 February 2005, were £87,882k and £9,067k respectively. Since then amendments have been made resulting in the current approved budgets shown above. These amendments are summarised in the following tables:

<u>Amendments to Children’s Social Services Budget During 2005/06</u>	£000
Original Estimate 2005/06	9,046
Approved Changes:	
Fostering Placement costs - Approved at Executive 25/10/06 (NR)	71
Current Approved Budget 2005/06	<u>9,117</u>

<u>Amendments to Education Budget During 2005/06</u>	£000
Original Estimate 2005/06	87,882
Approved Changes:	
Budgets carried forward from 2004/05 - Approved at the Executive on 28/06/05 (NR)	291
Corporate Asset Rental adjustments	65
Corporate procurement savings	(8)
Children's Services Set-up Costs - Approved at Executive 25/10/05 (NR)	50
Out of City Placements - Approved at Executive 25/10/06 (NR)	50
PFI Revenue Budgets	18
Feasibility Studies budget transferred from Property Services	11
Corporate Deferred Charges Adjustment	22
Director's Delegated Virements:	
Office Accommodation changes - budget transfer to Community Services (NR)	(10)
Directors CDC income budget returned to Chief Executives Dept	16
Current Approved Budget 2005/06	<u><u>88,387</u></u>

- 4 The Executive Member has also received monitoring reports and has been kept informed on expenditure and income trends during the year. The latest report was presented on 13 December 2005.

Consultation

- 5 Not applicable

Options and Analysis

2005/06 Outturn

Education Budget

- 6 At the time of the 2nd monitoring report in December an overspend of £30k was projected. The final outturn now shows an underspend of £675k. If Members approve budget carry forwards totalling £179k (see paragraph 12 below) then the more accurate comparative figure would be a £496k net underspend. The full details of all the variations that make up the £675k underspend are shown at Annex 1. The major changes from the 2nd monitoring report are set out briefly below:
- Standards Fund grant is received from Government to cover the Academic Year up to 31 August. There is still a further £179k of the council's contribution to spend in the period from 1 April to 31 August 2006. It is proposed to carry this forward into the 2006/07 financial year.
 - An increase in the underspend on Home to School Transport of £71k.
 - A £100k more favourable position than was projected on Out of Authority Placements because the potential additional placements flagged up in December were avoided.

- A £71k increase in the net surplus on Inter Authority Recoupment fees with neighbouring LEAs.
 - A £27k higher than expected grant from the LSC to cover the costs of post 16 SEN pupils.
 - Careful management within the Adult Education service to bring a projected £30k deficit back into line with the budget.
 - An £82k backdated rates refund in respect of Archbishop Holgate's School.
 - A £45k staffing saving within the finance team due to a number of vacant posts in the later part of the financial year.
 - Later than planned opening of the four PFI schools resulting in lower payments to the private provider and a net saving to the council of £66k.
- 7 Many of the underspends are either one-off or have been achieved by initiating specific management action to cease spending in a number of non-essential areas. This was in response to the difficult overall council budget position being projected at the time of the last monitoring reports. Inevitably the majority of these savings are only sustainable in the short term and cannot be repeated in 2006/07 without impacting seriously on the levels of service provided. Initial estimates of the 2006/07 position are also provided in Annex 1 and show a possible net saving of £47k in 2006/07.

Children's Social Services

- 8 At the time of the 2nd monitoring report in December an overspend of £390k was projected. The service was also proposing some action that was hoped would reduce the overspend to £270k by the end of the year. Although some of this action was successful in reducing a number of the projected overspends, the final outturn now shows an increase to £593k. The full details of all the variations that make up the £593k overspend are shown at Annex 2. The major changes from the 2nd monitoring report are set out briefly below:
- A £20k increase in the overspend on Legal Fees.
 - A £63k increase in fostering costs since the second monitor.
 - An increased number of care leavers requiring accommodation and allowances, increasing the overspend by £72k.
 - One additional externally purchased placement and an increase in the number of secure remand days costing an extra £55k.
 - A £24k increase in the overspend on Inter Agency Adoption fees.
 - A net increase in staffing costs of £94k due to the use of agency staff and sickness levels
- 9 This is a significant overspend but does need to be set in the context of a similar overspend in 2004/05 which was not addressed when the 2005/06 budgets were set. In addition actual expenditure per head of population is still one of the lowest in the country at 142nd out of 148 social services authorities (based on 2004/05 outturns).

- 10 Although some of the underlying variations have already been accounted for when the 2006/07 budgets were set and a number of variations are of a one-off nature, there are still some significant items that are expected to have an impact in 2006/07. Initial estimates of the 2006/07 impact are also shown in Annex 2 and already show a pressure of at least £365k in 2006/07 above currently provided budgets.

Proposals to Carry Forward Unspent Budgets

- 11 In order to promote good management and allow planned 2005/06 projects to be completed, it is proposed to continue the arrangements of previous years and permit underspendings to be carried forward in certain circumstances. Rather than being a general provision, it is suggested that carry forward proposals should normally be considered where the portfolio area actually underspends due to a genuine slippage.
- 12 The Education budget has underspent in 2005/06 by £675k and the directorate has one essential request for budget carry forward. Because of the significant overspend in the Children's Social Services budget, no carry forwards are requested in this service area.
- The 2005/06 Standards Fund allocations from the DfES can be carried forward to 2006/07 as long as they are used by 31 August. For allocations that require a matched contribution from the council it will also be necessary for this matched budget to be carried forward to 2005/06. The carry forward budget requested is £179k; this will also enable the department and schools to benefit from a further £179k of DfES grant. In practice, as the allocations have to be spent by 31 August, the majority of expenditure has already been incurred during the summer term. Carry forward request £179k

Corporate Objectives

- 13 The budgets covered in this report reflected the council's corporate objectives for 2005/06.

Implications

- **Financial:** contained in the main body of the report
- **Human Resources:** not applicable
- **Equalities:** not applicable
- **Legal:** not applicable
- **Crime and Disorder:** not applicable
- **Information Technology (IT):** not applicable

Risk Management

- 14 Contained in the main body of the report.

Recommendations

- 15 The Executive Member is recommended to:
- approve the draft revenue outturn for 2005/06 and note that the net underspend will be transferred to the council's reserves.
 - agree the carry forward set out in paragraph 12 totalling £179k, subject to the approval of the Executive.

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**Report
Approved**

Date 24 May 2006

Patrick Scott
Director of Learning, Culture and Children's
Services

**Report
Approved**

Date 24 May 2006

Wards Affected:

All

For further information please contact the author of the report

Annex 1 – Education Budget Detailed Outturn variation analysis 2005/06

Annex 2 – Children's Social Services Budget Outturn variation analysis 2005/06

Background Papers

2005/06 Budget Files

2005/06 Closedown Files

Revenue Estimate 2005/06 reported to Council on 22 February 2005

Budget monitoring reports presented to the Executive Member during 2005/06