

Children and Young People's Overview and Scrutiny Committee

29 September 2016

CAS –Revenue and Capital Outturn
2015/16



Report of Jeff Garfoot, Head of Finance (Financial Services)

Purpose of the Report

1. To provide the committee with details of the actual outturn budget position for the CAS service grouping, highlighting major variances in comparison with the (revised) budget for the year, based on the final position at the year end (31st March 2016) as reported to Cabinet in July 2016. The report focuses on the Children and Young People's services included in CAS.

Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets have subsequently been revised to take account of transfers to and from reserves, grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for:
 - CAS Revenue Budget - £251.770 million (original £251.450 million)
 - CAS Capital Programme – £40.682 million (original £45.453 million)
3. The original CAS revenue budget has been revised to incorporate a number of budget adjustments as summarised in the table below:

Reason For Adjustment	£ million
Original Budget	251.45
Transfers to other services (Financial Services / Assessments to Resources)	(1.456)
Energy Efficiency Reduction	(0.147)
Transfer From Contingency - Soulsbury Pay award	0.157
Transfer From Contingency - Cost Associated with Closed School Buildings	0.138
Transfer From Contingency - Reversal Of Car Mileage Deduction	0.076
Transfer to Capital (Aycliffe Secure Services/ DACT Estate)	(0.668)
Use of (+) / (contribution) to CAS reserves	(0.994)
Use of (+) / (contribution) to Corporate Reserves (ERVR Costs)	3.214
Revised Budget	251.77

4. The in-year in service (use of) / contribution to CAS reserves utilised in determining the year end revenue budget of £251.770 million consisted of:

Reserve	£'000
Social Care Reserve	(916)
Cash Limit	1,971
Innovations and YEI Redundancy Reserve	(1,000)
Secure Services Capital Reserve	868
Tackling Troubled Families Reserve	188
Transformation Reserve	(1,264)
Accumulated fund CPD Reserve	134
Durham Learning Resources Reserve	(8)
EBP Reserve	81
Emotional Wellbeing Reserve	(33)
Mental Health Counselling Reserve	7
Movement Difficulties Service Reserve	(13)
Re-Profiling Activity Reserve	(175)
SEND reform Grant Reserve	15
School Condition Survey Reserve	(450)
Swimming Reserve	(67)
Public Health Reserves	(330)
Total In service use by CAS	(994)

5. The summary financial statements contained in this report cover the financial year 2015/16 and show: -
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the actual outturn;
 - For the CAS revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue Outturn – 2015/16

6. The CAS service outturn was a cash limit under budget of £10.690 million against a revised budget of £251.770 million, which represents a 4.2% under budget. This compares with a previously reported underspend position of £10.364 million at quarter 3.
7. The tables below show the revised annual budget, actual expenditure and variance to 31 March 2016. The first table is analysed by Subjective Analysis (i.e. type of expense) and shows the combined position for CAS, and the second is by Head of Service.

Subjective Analysis (Type of Expenditure)

	Revised Annual Budget	YTD Actual	Variance	Items Outside Cash Limit	Contribution To From Reserves	Cash Limit Variance		MEMO – Variance at QTR3
	£000	£000	£000	£000	£000	£000		£000
Employees	116,577	109,978	(6,599)	493	856	(5,250)		(5,098)
Premises	7,146	7,262	116	(448)	48	(284)		(219)
Transport	17,399	17,885	486	-	19	505		559
Supplies & Services	18,950	15,115	(3,835)	753	1,035	(2,047)		(1,732)
Third Party Payments	238,806	229,358	(9,448)	-	163	(9,285)		(10,001)
Transfer Payments	13,069	12,574	(495)	-	-	(495)		158
Central Support & Capital	63,235	88,690	25,455	(23,419)	(420)	1,616		2,260
Income	(223,412)	(230,412)	(7,000)	11,286	264	4,550		3,709
Total	251,770	250,450	(1,320)	(11,335)	1,965	(10,690)		(10,364)

Analysis by Head of Service Area

	Revised Annual Budget	YTD Actual	Variance	Items Outside Cash Limit	Contribution To From Reserves	Cash Limit Variance		MEMO – Variance at QTR3
	£000	£000	£000	£000	£000	£000		£000
Head of Adults	124,841	118,762	(6,079)	(453)	1,483	(5,049)		(6,024)
Central/Other	8,935	10,327	1,392	(1,780)	203	(185)		(258)
Commissioning	7,858	4,641	(3,217)	-	(918)	(4,135)		(4,004)
Planning & Service Strategy	11,622	10,952	(670)	(14)	(375)	(1,059)		(906)
Central Charges (CYPS)	4,074	(2,494)	(6,568)	5,879	714	25		-
Childrens Services	53,767	56,758	2,991	(2,653)	(138)	200		870
Education	40,002	50,988	10,986	(11,991)	518	(487)		(42)
Public Health	671	516	(155)	(323)	478	-		-
Total	251,770	250,450	(1,320)	(11,335)	1,965	(10,690)		(10,364)

8. The table below provides a brief commentary of the cash limit variances against the revised budget, analysed by Head of Service for those areas which relate to the Children's area of the service, which is of specific interest to the Children's Overview and Scrutiny Committee. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Service Area	Description	Cash limit Variance £000
Central Charges (CYPS)		
Other Services	Relates to a combination of employee related costs and provision for bad debts.	25
		25
Childrens Services		
Aycliffe Conference Centre & Site Wide Costs	Savings on premises and supplies and services (£23K) on the Aycliffe site following the relocation of teams off the site and the closure of 2 children's homes and the Conference Centre. A shortfall in income of £32K from lower than anticipated rechargeable usage of the Conference Centre between April and November and the closure of this facility in December.	9
Child Protection & Disability Services	Employees are over budget by a total of £468K mainly in the Child Protection Teams including expenditure of £545K on agency staff employed to cover vacancies and increased workloads. Costs associated with children placed under Special Guardianship Orders are over budget by £670K, the budget for SGOs is to be revised in 2016-17, a new financial monitoring system has been introduced and regular reports on expenditure on non LAC placements will be presented to CSSMT. The forecast overspend is being offset by savings on joint funded residential school placements (£213K) and legal expenses (£133K).	752
Childrens Services Reform	Over budget on the cost of a support post that Childrens Services agreed to fund from the cash limit in 2015-16.	25
External Agency Placements Central Recharges & SLAs	Primarily related to the costs of volunteer drivers which was under budget by (£98K) combined with savings of (£83k) following a reduction in the number of remand beds nights in 2015-16. The balance of the savings were mainly from employees and premises.	(231)
First Contact & Intervention	Expenditure on agency staff covering vacancies and maternity leave etc. was £926K over budget partially offset by savings on vacant posts of (£634K). The original budget included £111K from earmarked reserves to fund the anticipated shortfall in the Supervised Contact saving in 2015-16, at the end of the year the shortfall was £59K and £52K has therefore been credited back to the Reserve.	399
Head of Service	Planned reduction in Investing in Children SLA was under budget by (£50k).	(44)
Looked After & Permanence	Total savings on employees of (£800K) including (£713K) from the early closure of 5 Brough and 12 Brough Close on the Aycliffe site.	325

Service Area	Description	Cash limit Variance £000
	<p>The increase in the number of LAC placements in IFA's and in house fostering lead to an overspend of £290K and £815K respectively. The time limited Adoption Invest to Save Project costed £85K more than budgeted in 2015-16.</p> <p>Accommodation costs for young people leaving care were also over budget by £135K.</p> <p>The new Adoption Support Fund generated (£130K) of surplus income for the Full Circle Team in 2015-16.</p>	
One Point Service	<p>Income from County Durham and Darlington Foundation Trust in relation to occupancy of council buildings exceeded the budget by (£221K) in 2015/16. All outstanding invoices have now been raised on CDDFT.</p> <p>Additional one off unbudgeted income related to the recharge to Public Health (£628K) re Wider Determinants of Health.</p>	(919)
Secure Services	<p>2015/16 budgeted welfare bed occupancy figure was 7.2 beds per night which had an associated income budget of £2.071 million. In 2015-16 the Secure Centre achieved an average sale of 6.92 welfare beds per night, following the increase in price from £788 to £855 during 2015-16 the Centre achieved £2.042 million leading to a shortfall in income from the sale of welfare beds of £29,233.</p> <p>It should also be noted that Secure Services used £400K from the Earmarked Reserve in 2015-16 excluding the cost of the capital doors project. The Reserve was used to fund the shortfall in income and the net overspend on employees of £232K including the cost of agency staff (£481K) covering vacancies etc., the balance was used to fund additional costs of repairs and maintenance, equipment, furniture and additional security costs in 2015-16.</p>	-
Think Family Service	Additional activity related to Stronger Families plans was funded from earmarked reserves in 2015-16	-
Youth Offending Service	Expenditure against employees, transport and supplies budgets were below budget by (173K) partially offset a shortfall in income of £92K including an in-year reduction in the YJB grant of £80k.	(62)
Youth Service	Under budget on grants to voluntary organisations (£21K) and minor building improvements for youth centres (£16K).	(54)
		200
Commissioning		
Commissioning Management / Other	<p>Under budget mainly in respect of future MTFP savings, particularly agency and contracted services budgets held.</p> <p>A review of short term monies added to an increased under spend during the year.</p> <p>£1.1 million of short term funds have been carried forward to support future preventative projects.</p>	(4,134)
		(4,134)

Service Area	Description	Cash limit Variance £000
Education		
Progression and Learning	<p>Durham Education Business Partnership has generated income over and above costs, which will result in a sum of £16k being contributed to earmarked reserves.</p> <p>The Adult Learning service is funded from grant that is allocated on an academic year basis and funds not used by the end of March 2016 are rolled forward into 2016/17.</p> <p>Improving Progression for Young People team is in line with budget, including use of funding of £37k from the Special Projects reserve for the YE1 Development Manager post</p>	2
School Places and Admissions	<p>Home to School Transport reports an over budget position of £820k, identified as £580k relating to SEN transport, £200k on mainstream contracts and £40k on Post-16.</p> <p>There is an under budget of £150k in relation to pension liabilities.</p> <p>In the School Places and Admissions team there is an under budget of £81k on staffing in due to vacancies held in advance of delivering 16/17 MTFP savings</p>	589
SEN and Disability and Inclusion	<p>The outturn position is an under budget of £422k, which relates mainly to additional SLA and other income in Education Psychology of £280k and vacancies in the same area creating an under budget of £162k.</p> <p>There are also vacancies in the SEN Placement Team resulting in an under budget of £86k.</p>	(508)
Support and Development	<p>Curriculum and Professional Development The CPD area has generated income over and above costs, which will result in a sum of £167k being contributed to earmarked reserves.</p> <p>Education Development Service An under budget of £95k reflects savings from vacant posts and additional income of generated from course and room hire charges at Durham Learning Centre.</p> <p>Early Years Team Staffing vacancies in the team have resulted in an under budget of £153k, including a vacant Operational Lead post held for MTFP savings in 2016/17.</p> <p>The budget for Sustainability funding for Early Years providers and Two Year Old expenditure is under budget by £141k.</p> <p>There is an under budget on DCC Childcare provision of £89k in 2015/16.</p> <p>Music Service The under budget position of £25k is a combination of reduced staffing costs and increased income levels.</p> <p>School and Governor Support Service The under budget position of £51k relates mainly to a pension augmentation budget for which the final year of costs was 2014/15. This budget is earmarked for MTFP savings in 16/17</p>	(570)
		(487)

Service Area	Description	Cash limit Variance £000
Planning & Service Strategy		
Performance & Information Mgmt	£124,000 under budget on employees re future MTFP savings. £52,000 under budget on supplies and services budgets re future MTFP savings. £5,000 under achievement of income.	(171)
Policy Planning & Partnerships / Mgt	£118,000 under budget on employees re future MTFP savings. £89,000 under budget on transport/supplies and services/other budgets. £89,000 under achievement of income.	(118)
Service Quality & Development	Future MTFP savings linked in the main to employees (£145,000) and supplies and services (£184,000). £113,000 under budget on other areas.	(442)
Service Support	£200,000 under budget on employees re future MTFP savings. £128,000 under budget on transport/supplies and services/other budgets.	(328)
		(1,059)

9. In summary, the service maintained spending within its cash limit. The outturn position incorporates the MTFP savings built into the 2015/16 budgets, which for CAS in total amount to £8.590 million.

Schools

10. The Dedicated Schools Grant (DSG) allocation for 2015/16 was £356.636 million, however due to schools converting to academies and reduction in high needs DSG allocations for payments made direct by the Education Funding Agency the budget was reduced by £74.623 million in year to £282.013 million. A further £0.193 million was received in relation to an Early Years adjustment for the previous financial year resulting in a final DSG allocation of £282.206 million. This includes both the delegated schools budget and the centrally retained DSG budget.
11. The total revised delegated budget for maintained schools (including early years' providers) was £259.314 million.
12. Where schools spend more or less than their delegated budgets, the difference either reduces or increases their accumulated balance. Schools-related balances were £24.083 million at 31 March 2016, a reduction of £0.163 million compared to last year. The changes in balances were:

	31 March 2015 £	Movement £	31 March 2016 £
Schools	(24,098,055)	218,291	(23,879,764)
Communities of Learning	(525,355)	131,530	(393,825)
Loans to schools	377,772	(186,894)	190,878
Total	(24,245,638)	162,927	(24,082,710)

13. The Quarter 3 forecast of school balances was £17.562 million, £6.318 million less than the actual balances at 31 March 2016. Most schools ended the year with a higher balance than their Q3 forecasts, despite these forecasts being challenged by the relevant Finance Officers.
14. There are 244 maintained schools, of which 179 ended the year with a higher balance than the Q3 forecast, increasing their balances by a total of £7.685 million. There were 65 schools where the balance was less than the Q3 forecast; the total amount by which they increased spending compared to the forecast was £1.367 million; four of these schools are now in deficit.
15. At 31 March 2016 there were 10 schools with a deficit balance, with a total deficit of £2.736 million. Three of these schools are secondary schools, with combined deficits of £2.586 million; there are concerns about the long-term financial viability of these schools and officers from CAS and Financial Services are in discussion with the schools about ways to improve their financial position for the long term. All three schools had a deficit balance at 31 March 2015, and set a deficit budget for 2015-16, but during the year were able to reduce net expenditure by £0.412 million compared to their original budgets. The other 6 schools have deficits totalling £0.150 million and officers are working with these schools to ensure that they recover these deficits in 2016-17.
16. A significant number of schools are facing shortfalls in funding for 2016-17 and are planning staff reductions to balance their budgets. The increase in balances compared to the Q3 forecasts is in part a reflection of caution on the part of schools in going ahead with spending in advance of confirmation of 2016-17 funding and the uncertainties about the future of school funding.
17. The pressure areas for the centrally controlled element of the DSG in 2015/16 were High Needs provision (top-up) and capitalised repairs and maintenance. This has been offset by under spends in the Education Service teams dealing SEND children and school improvement.
18. The overall outturn position for the centrally retained element of the DSG shows an under spend of £1.821million. The earmarked reserve relating to centrally retained DSG carried forward at 31 March 2016 is £12.18 million, of which £1.502 million is earmarked for Schools relating to the Growth Fund, School Improvement and unallocated formula funding; £2.152 million has been used to set schools budgets in 2016/17; £2.94 million relates to Early Years provision, £0.422 million for outstanding commitments for the capital programme and the balance will support continuing High Needs pressures in 2016/17

Capital Programme

19. The CAS capital programme was revised earlier in the year to take into account budget reprofiled from 2014/15 following the final accounts for that year. This increased the 2015/16 original budget.
20. Further reports to MOWG in May, July, October, November, December, January have detailed further revisions to the CAS capital programme, adjusting the base

for grant additions/ reductions, budget transfers and budget reprofiling into later years with the revised capital budget currently totalling **£40.682 million**. Actual capital expenditure in 2015-16 totalled £34.867 million leading to an underspend of **£5.815 million**.

21. Following MOWG approval on 24th May 2016 the £5.815 million underspend has been reprofiled into future years to meet future commitments and investment leading to a revised capital Programme for the years 2016/17 to 2017-18 of **£35.051 million**.

22. Summary financial performance to 31st March 2016 is shown below together with a summary of the 2016/17 and 2017/18 budgets.

CAS	Actual Spend to 31/03/2016	Current 2015-16 Budget	2015-16 variance	Revised 2016-17 Budget	Revised 2017-18 Budget	Total Revised Capital Prog.
	£000	£000	£000	£000	£000	£000
LD Provider Services	(1)	60	61	62	-	62
Support For Childs Homes	11	54	43	43	-	43
CAS AAP Scheme	2	4	2	-	-	-
PCT Co-Location	2	-	(2)	-	-	-
Increased Provision for Two Year Olds	279	408	129	129	-	129
Free School Meals Support	214	214	-	75	-	75
Secure Services	1,115	799	(316)	35	-	35
Planning & Service Strategy	74	132	58	159	315	474
Drug & Alcohol Premises Upgrade	317	200	(117)	459	-	459
Drugs Commissioning DACT	36	36	-	72	-	72
Public Health	-	-	-	284	-	284
School Devolved Capital	2,787	4,532	1,745	4,227	1,378	5,605
Childrens Access/Safeguarding	(2)	-	2	-	-	-
DFE School Capital Inc Basic Need	18,158	19,704	1,546	19,965	2,230	22,195
DSG Structural Maintenance	350	432	82	2	238	240
Prior Year Projects	(334)	-	334	-	-	-
PSBP - Additional Works Not Covered by EFA	-	200	200	200	-	200
School Modernisation	20	607	587	347	-	347
BSF	11,671	13,240	1,569	4,831	-	4,831
PFI	168	60	(108)	-	-	-
TOTAL	34,867	40,682	5,815	30,890	4,161	35,051

Recommendations:

23. It is recommended that Children and Young People's Overview and Scrutiny Members note the revenue and capital outturn included in the report, which are summarised in the outturn report to Cabinet in July.

Contact: Graham Stephenson – Finance Manager
Andrew Baldwin – Finance Manager

Tel: 03000 268 583
Tel: 03000 263 490

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital actual outturn position.

Staffing

There are no implications associated with this report. Any over or under spending against the employee budgets are disclosed within the report.

Risk

The management of risk is intrinsic to good budgetary control. This report forms an important part of the governance arrangements within CAS. Through routine / regular monitoring of budgets and continual re-forecasting to year end the service grouping can ensure that it manages its finances within the cash envelope allocated to it.

Equality and Diversity / Public Sector Equality Duty

There are no implications associated with this report.

Accommodation

There are no implications associated with this report.

Crime and Disorder

There are no implications associated with this report.

Human Rights

There are no implications associated with this report.

Consultation

There are no implications associated with this report.

Procurement

There are no implications associated with this report.

Disability Issues

There are no implications associated with this report.

Legal Implications

There are no implications associated with this report.

