

Children and Young People's Overview and Scrutiny Committee

26th September 2018

CYPS – Revenue and Capital Outturn
2017/18



Report of Paul Darby, Head of Finance (Financial Services)

Purpose of the Report

1. To provide details of the outturn budget position for the CYPS service grouping, highlighting major variances in comparison with the budget for 2017/18.

Background

2. The County Council approved the Revenue and Capital budgets for 2017/18 at its meeting on 22 February 2017. 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 re-profiling between years. This report covers the financial position for:
 - *CYPS Revenue Budget - £99.633m (original £97.897m)*
 - *CYPS Capital Programme – £19.826m (original £28.819m)*
3. The original CYPS revenue budget has been revised to incorporate a number of budget adjustments as summarised in the table below:

Reason For Adjustment	£'000
Original Budget	97,897
Reason For Adjustment	
Transfer from Contingencies	903
Use of (+)/contribution to CYPS reserves (-)	-5,788
Use of (+)/contribution to Corporate reserves (-)	307
Transfer from Other Services	6,462
Transfer to Other Services	-148
Revised Budget	99,633

4. The use of (+) / contribution to (-) CYPS reserves consists of:

Reserve	£'000
EDU-EBP Reserve	272
EDU-SEND reform Grant Reserve	-155
EDU-CPD Reserve	-172
EDU-High Needs Review	-170
EDU-Durham Learning Resources Reserve	-12
EDU-Emotional Wellbeing Reserve	-242
EDU-Mental Health Counselling	19
EDU-Movement Difficulties Reserve	11
EDU-Re-profiling reserve	8
EDU-Music Service	4
EDU-School and Governor Support	66
EDU-Swimming Reserve	-10
EDU-School Condition Survey	-457
EDU-Progression and Learning 2015-18	-556
EDU-Progression and Learning 2018-21	-698
EDU-North East Social Work Alliance	-451
EDU-Early Years Activity Reserve	-585
EDU-Easington Sports Partnership	-42
EDU-Durham Sports Partnership	-370
EDU-Adult Learning	-1,426
CHS-Transformation Reserve	-136
CHS-YOS Development Reserve	-37
CHS-Secure Services Capital Reserve	96
CHS-Tackling Troubled Families Reserve	-745
Total	-5,788

5. The summary financial statements contained in the report cover the financial year 2017/18 and show: -

- The approved annual budget together with actual income and expenditure as recorded in the Council's financial management system;
- The variance between the annual budget and the outturn position;
- For the CYPS 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

6. The CYPS service is reporting a cash limit overspend of £3.061m against a revised budget of £99.633m which represents a 3.1% overspend
7. The tables below show the revised annual budget, actual expenditure and the variance at the year end. The first table is analysed by Subjective Analysis (i.e. type of expense) and shows the combined position for CYPS, and the second is by Head of Service area.

Subjective Analysis (Type of Expenditure)

	Revised Annual Budget	Actual	Variance	Items Outside Cash Limit	Cash Limit Variance
	£000	£000	£000	£000	£000
Employees	74,035	70,133	(3,902)	(25)	(3,927)
Premises	4,294	4,342	48	(47)	1
Transport	14,891	14,873	(18)	-	(18)
Supplies and Services	10,443	9,909	(534)	(100)	(634)
Third Party Payments	22,013	30,924	8,911	-	8,911
Transfer Payments	1,692	1,708	16	-	16
Central Support and Capital	38,871	46,046	7,175	(1,404)	5,771
Income	(66,606)	(86,882)	(20,276)	13,217	(7,059)
	99,633	91,053	(8,580)	11,641	3,061

Analysis by Head of Service Area

	Revised Annual Budget	Actual	Variance	Items Outside Cash Limit	Cash Limit Variance
	£000	£000	£000	£000	£000
Head of Service - LAC Permanence and Care	165	123	(42)	(9)	(51)
Looked After Provision Permanence and Care	27,154	31,966	4,812	(186)	4,626
Efficiency and Improvement	64	81	17	(6)	11
Secure Services	(1,103)	(76*4)	339	(339)	-
Aycliffe Site and Price Training	685	252	(433)	444	11
Head of Education	(1,108)	(1,107)	1	-	1
Progression and Learning	(1,091)	(1,177)	(86)	10	(76)
School Places and Admissions	33,520	23,085	(10,435)	9,814	(621)
SEN and Disability and Inclusion	2,309	1,843	(466)	87	(379)
Support and Development	1,860	1,267	(593)	(104)	(697)
Childrens Services Operational Support	4,790	4,502	(288)	(24)	(312)
Childrens Services Reform	1,462	1,425	(37)	-	(37)
One Point	1,517	1,445	(72)	(63)	(135)
Think Family Service	(890)	(883)	7	(7)	-
Recharges and Non Target	6,599	6,173	(426)	405	(21)
Families First	17,288	18,738	1,450	135	1,585
HOS - Early Help Assessment and Safeguarding	903	233	(670)	7	(663)
Youth Offending Service	2,167	1,980	(187)	(7)	(194)
Central Charges	3,342	1,871	(1,471)	1,484	13
	99,633	91,053	(8,580)	11,641	3,061

8. The table below provides a brief commentary of the cash limit variances against the revised budget, analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit:

Service Area	Description	Cash limit Variance £000
Head of Service - LAC Permanence	Savings from the Head of Service post which was vacant in Q1 (£21K) and the balance mainly relates to the remaining budget from the vacant residential team manager post.	(51)
Looked After Provision Permanence and Care Leavers	The budget for fostering and external residential care for looked after children was £4.42m overspent in 2017-18. The budget and forecast variance £0.31m for Children Looked After in external residential schools is reflected in the Families First section of the Table. The budget for CLA has been increased by £3.944m growth monies in 2018-19. The balance of the forecast overspend mainly related to leaving care accommodation costs, university and activity expenses. The budget in 2018-19 has been increased by £463K growth monies to fund pressures on the Leaving Care Service.	4,626
Efficiency and Improvement	Overspend relates to the costs of newly created support workers appointed to review Special Guardianship Allowances. The budget for these workers has been revised in 2018-19.	11
Secure Services	Secure Services made a surplus of £34K mainly as a result of surplus income from the sale of welfare beds .The £34K has been transferred to the earmarked reserve at the year end.	-
Aycliffe Site and Price Training	The forecast overspend relates to residual premises costs for 2017/18 pending the delayed demolition of buildings on the Aycliffe site.	11
		4,597
Service Area	Description	Cash limit Variance £000
Head of Education	Expenditure is in line with budget.	-
Progression and Learning	There is an under spend in this area against employee budgets due to vacancies	(76)
School Places and Admissions	The under spend relates to reduced costs against historical further education pension liability budgets (£80k), staffing vacancies and income over and above budget (£223k), and an under spend on the Home to School Transport budget (£317k).	(620)
SEN and Disability and Inclusion	The under spend in this area relates to vacant posts in the Education Psychology team, where Educational Psychologist posts are difficult to recruit to.	(379)
Support and Development	The forecast under spend relates to vacant posts in the Early Years and Education Development Service teams due to early achievement of MTFP savings, as well as additional one-off income of £310k in excess of budget.	(697)
		(1,772)

Service Area	Description	Cash limit Variance £000
Childrens Services Operational Support		
Childrens Services Operational Support	The under spend relates to savings against staff budgets due to vacant posts held vacant in advance of a review of business support services.	(312)
		(312)
Service Area	Description	Cash limit Variance £000
Childrens Services		
Head of Early Help Assessment and Safeguarding		
Childrens Services Reform	The saving mainly relates to an underspend on employees due to vacant posts.	(37)
One Point Service	The underspend mainly results from a planned reduction on spend on activities.	(136)
Think Family Service	Stronger Families plans are funded from grant income and earmarked reserves and the Service contributed £745K to the earmarked reserve during the financial year.	0
Recharges and Non Target	A small under spend in relation to a reduced bad debt provision.	(22)
Families First	<p>Expenditure on employees was over budget by a total of £230K mainly as a result of expenditure on agency staff offset by savings on vacancies.</p> <p>Expenditure on placements costs of looked after children with a disability in external residential schools was £0.31m over budget. Placement costs associated with children not looked i.e. in Child Arrangement or Special Guardianship arrangements was over budget by £424K. The budget for non looked after placement costs has been increased by growth funding of £586K in 2018-19.</p> <p>Expenditure on hired transport for children was also over budget by £213K.</p> <p>In addition the service was over budget by £125K as a result of the extension to the domestic violence contract in 2017-18. Childrens Services contribution to the contract ended on 31st March 2018.</p> <p>Overspends of £74K on legal expenses and £38K on short term benefit cover payments also contributed to the overspend in the Families First Teams.</p>	1,587
HOS - Early Help Assessment and Safeguarding	The budget for agency staff (£450K) is held by the Head of Service although the costs of agency staff were charged directly to individual social work teams in 2017-18. In addition there was a (£200K) saving in 17/18 on activities in One Point following the reallocation of the activities budget.	(663)
Youth Offending Service	<p>Expenditure on remand bed nights was over budget by £57K offset by in year savings on vacant posts (£138K).</p> <p>(£35K) under budget on all premises following less than expected running costs in 2017/18 together with a refund of (£33K) for computer equipment and savings on car allowances (£19K) account for the majority of the balance of the saving.</p>	(194)
		535

Service Area	Description	Cash limit Variance £000
Central Charges (CYPS)		
Other Services	A small over spend in relation to increased bad debt provision.	13
		13
		3,061

9. In summary, the service overspent the cash limit budget by £3.061m. The outturn position incorporates the MTFP savings built into the 2017/18 budgets, which for CYPS in total amounted to £4.729m.

Schools

10. Maintained schools carry forward accumulated surpluses and deficits from one year to the next. At 31 March 2018 there was an overall net surplus balance £17.477m to be carried forward to 2018/19- this figure excludes balances for schools that converted to academies during Q4.
11. A summary is shown below:

School balances at 31 March 2018 (£000s)			
	Original 17/18 Budget Gross Expenditure	Retained Balance at 31 March 2018	Balance C/fwd as % of Gross Budget
Nursery	4,958	700	14.12%
PRU	3,774	-	0
Primary	191,376	15,814	8.26%
Secondary	76,079	-1,398	-1.84%
Special	25,332	2,361	9.32%
Total	301,518	17,477	5.80%

12. The table below shows schools with a deficit balance at 31 March 2018:

School balances at 31 March 2018 (£000s)			
	Deficit at 31 March 2018	Original Budget Gross Expenditure	Difference as % of gross expenditure
Aclet Close Nursery School	(9,870)	319,588	3.09%
Bloemfontein Primary	(5,448)	806,247	0.68%
Hunwick Primary	(44,511)	823,000	5.41%
Crook Primary	(59,531)	2,136,979	2.79%
Bp Auckland Etherley Lane Primary	(22,802)	1,418,752	1.61%
St. Helens Auckland Primary	(15,938)	1,037,840	1.54%
Wingate Infants	(9,584)	862,664	1.11%
Horndale Infants	(4,662)	743,773	0.63%
St. Stephen's CE Primary	(24,745)	1,075,073	2.30%
Green Lane CE Primary	(25,231)	1,094,629	2.31%
St. Anne's CE Primary	(22,603)	1,032,314	2.19%
St. Cuthbert's RC Primary, Ch-le-St	(634)	882,163	0.07%
St. Joseph's RC Primary, Blackhall	(37,890)	472,319	8.02%
Woodham Burn Primary School	(56,420)	1,273,123	4.43%
Tanfield School	(486,747)	3,459,096	14.07%
Wolsingham School	(1,239,501)	4,031,937	30.74%
Bishop Barrington School	(97,599)	4,674,079	2.09%
Wellfield School	(3,393,281)	4,421,033	76.75%
The Durham Federation	(2,667)	4,808,186	0.06%
The Croft Community School	(73,996)	2,469,370	3.00%
	(5,633,662)		

13. With the exceptions of Tanfield, Wolsingham, Wellfield, The Durham Federation and The Croft, all of these schools have set a balanced budget for 2018-19. The Durham Federation is expected to be able to balance its budget by the end of the year and officers from Financial Services and Education are working with The Croft to look at its budgets and also whether pupils are in the correct funding bands. Tanfield, should start be able to set an in-year surplus from 2019-20. Wolsingham and Wellfield have been in deficit for a number of years and the Council is looking at options for reorganisation for Wolsingham and Wellfield.

Capital Programme

14. The CYPS capital programme has been revised earlier in 2017/18 to take into account budget re-profiled from 2016/17 following the final accounts for that year.
15. The revised Budget is presented below together with actual expenditure.

CYPS	Revised Budget 2017/18 £'000	Actual Expenditure 2017/18 £'000	Variance 2017/18 £'000
SCP - LEP	1,032	840	(192)
Childrens Care	168	4	(164)
CYPS-Childrens Services - Planning & Service Strategy	1,000	541	(459)
Early Intervention & Involvement	-	-	-
Early Years	2,413	1,624	(789)
School Devolved Capital	3,689	1,606	(2,083)
School Related	11,217	8,771	(2,446)
Free School Meals Support	94	63	(31)
Secure Services	213	259	46
CYPS Total	19,826	13,708	(6,118)

Recommendations

16. Members of Overview and Scrutiny committee are requested to note the detail within the report.

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Appendix 1: Implications

Finance

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