

## **APPENDIX 3**

### **COMMENTARY FROM THE DIRECTOR OF PEOPLE & COMMUNITIES IN RELATION TO CHILDREN'S SERVICES AS AT 31 DECEMBER 2014**

#### **Financial Overview**

The current estimated out-turn position for the Directorate after the use of earmarked reserves is a net over spend of £1,871k (7.0%). This is due to increases in the Cost of Looked after children Placements and MTFP savings not being delivered at the pace previously anticipated.

This overspend in relation to the cost of placements for children looked after is detailed below.

Placement costs. There are essentially three categories of placement setting - in house foster care provision, Independent Fostering Agencies (IFAs) and 'residential care' placements. The cost differences between these settings can be considerable, with in-house provision being the most cost effective solution (approximately £21,500 per annum), IFAs approximately £48,500 per annum and 'residential care' costs varying widely dependent upon the needs of the individual child, but in exceptional cases, being in excess of £250,000 per annum.

Unfortunately over the past year or two we saw the number of Looked after Children rise to over 270 and a small number of these very complicated and difficult cases have led to placements in residential care. Whilst the number of children in care has reduced the level of expenditure has not reduced in line with the reductions to the budget.

Various measures have been put in place over the past 24 to 36 months with most recent action seeing the number of children looked after falling below 220. Our average placement costs remain favourable when benchmarked against other LA's. The projected spend on placements is just over £7.7m. This is a reduction of over £500k when compared to the spend in 2012-13. However despite these improvements, and partly due to further reductions in the placements budget, the spend remains above the budget set by £1,195k.

#### **Major Financial Variances**

The major financial variances for the year are shown in the tables below, and are split between variances that relate to key risks identified within the Medium Term Financial Forecast, and any other variances over £50k that have occurred in the year.

<b>Key Risk Identified in MTFF</b>			
	<b>Likelihood of Occurrence</b>	<b>Potential Impact £000</b>	<b>Anticipated Out-turn Variance £000</b>
Children in care	High	0 - 1,250	993
Ex - Children in care	High		401
Home to School transport reductions	Medium	0 - 200	0
Use of agency staff within Children's Social Care	Low	0 - 200	0
Budget Reduction Savings	Medium	0 - 500	0
Transfer of Learning Partnership West - delayed savings			105
Future Funding changes	Low	0 - 200	0
Loss of funding re Academies	Medium	0 - 300	0
Impact of school deficit budgets	Low	0 - 200	0
External Legal costs re Child Protection			50
<b>Sub Total of Key Risk Variances</b>			<b>1,549</b>
<b>Other Variances over £50k</b>			
			<b>Anticipated Out-turn Variance £000</b>
Vacancy Management			513
Use of reserves and Income			-129
Internal Legal Recharges			30
Direct Payments - Disabled Children			60
Early Years Strategic Costs			0
Adoption Agency Fees			-128
<b>Sub Total of Other Variances Over £50k</b>			<b>346</b>
Other Minor Variances			-24
<b>Projected Total Directorate Variance</b>			<b>1,871</b>

**REVENUE MONITORING 2014/2015  
CHILDREN & YOUNG PEOPLE**

	2014/2015 Budget	Actual Spend 30/12/2014	Projected Spend to 31/03/2015	Projected Out-turn	Variance
	£	£	£	£	£
<b>INDIVIDUAL SCHOOLS BUDGET</b>					
Expenditure	77,549,448	49,956,781	26,702,917	76,659,698	(889,750)
Other Universal Provision	740,934	543,263	197,671	740,934	0
<b>SUB TOTAL</b>	<b>78,290,382</b>	<b>50,500,044</b>	<b>26,900,588</b>	<b>77,400,632</b>	<b>(889,750)</b>
<b>DEDICATED SCHOOLS GRANT</b>					
	(97,220,175)	(69,795,389)	(27,424,786)	(97,220,175)	0
<b>EDUCATION OTHER THAN AT SCHOOLS</b>					
	15,978,752	11,989,845	4,929,637	16,919,482	940,730
<b>VULNERABLE LEARNERS SERVICE</b>					
	1,434,671	795,461	639,210	1,434,671	0
<b>STRATEGIC MANAGEMENT AND CENTRAL SERVICES</b>					
	1,633,720	1,142,688	499,773	1,642,461	8,741
<b>D.S.G. Expenditure</b>	<b>97,337,525</b>	<b>64,428,038</b>	<b>32,969,208</b>	<b>97,397,246</b>	<b>59,721</b>
<b>D.S.G. Income</b>	<b>(97,220,175)</b>	<b>(69,795,389)</b>	<b>-27,424,786</b>	<b>(97,220,175)</b>	<b>0</b>
<b>NET D.S.G.</b>	<b>117,350</b>	<b>(5,367,351)</b>	<b>5,544,422</b>	<b>177,071</b>	<b>59,721</b>
<b>CHILDREN &amp; YOUNG PEOPLES DIRECTORATE</b>					
	2014/2015 Budget	Committed Spend 30/12/2014	Projected Spend to 31/03/2015	Projected Out-turn	Projected Variance
	£	£	£	£	£
<b>STRATEGIC MANAGEMENT</b>					
Expenditure	2,093,787	1,402,038	740,870	2,142,908	49,121
Income	-471,420	(308,102)	(163,318)	-471,420	0
<b>NET SUB TOTAL</b>	<b>1,622,367</b>	<b>1,093,936</b>	<b>577,552</b>	<b>1,671,488</b>	<b>49,121</b>
<b>PENSION COSTS</b>					
	1,740,220	1,118,499	691,721	1,810,220	70,000
<b>SPECIAL EDUCATION</b>					
Expenditure	879,387	610,037	269,350	879,387	0
Income	(46,500)	(23,214)	(23,286)	(46,500)	0
<b>NET SUB TOTAL</b>	<b>832,887</b>	<b>586,823</b>	<b>246,064</b>	<b>832,887</b>	<b>0</b>
<b>ACHIEVEMENT BRANCH</b>					
Expenditure	830,030	524,698	300,332	825,030	(5,000)
Income	(557,120)	(386,549)	(170,571)	(557,120)	0
<b>NET SUB TOTAL</b>	<b>272,910</b>	<b>138,149</b>	<b>129,761</b>	<b>267,910</b>	<b>(5,000)</b>
<b>ACCESS</b>					
Expenditure	3,513,422	1,895,881	1,694,541	3,590,422	77,000
Income	(209,200)	(139,467)	(169,733)	(309,200)	(100,000)
<b>NET SUB TOTAL</b>	<b>3,304,222</b>	<b>1,756,414</b>	<b>1,524,808</b>	<b>3,281,222</b>	<b>(23,000)</b>
<b>NON-SCHOOLS EXPENDITURE</b>					
Expenditure	967,909	624,417	342,492	966,909	(1,000)
Income	(69,050)	(27,546)	(41,504)	(69,050)	0
<b>NET SUB TOTAL</b>	<b>898,859</b>	<b>596,871</b>	<b>300,988</b>	<b>897,859</b>	<b>(1,000)</b>
<b>CENTRAL SUPPORT RECHARGES</b>					
	2,269,802	1,607,065	692,737	2,299,802	30,000
<b>SUMMARY</b>					
<b>EXPENDITURE</b>	<b>12,294,557</b>	7,782,635	4,732,043	12,514,678	220,121
<b>INCOME</b>	<b>-1,353,290</b>	(884,878)	(568,412)	(1,453,290)	(100,000)
<b>SUB TOTAL</b>	<b>10,941,267</b>	<b>6,897,757</b>	<b>4,163,631</b>	<b>11,061,388</b>	<b>120,121</b>

CHILDRENS SOCIAL CARE	2014/2015 Budget £	Committed Spend 30/12/2014 £	Projected Spend to 31/03/2015 £	Projected Out-turn £	Projected Variance £
<b>COMMISSION &amp; SOCIAL WORK</b>					
Expenditure	3,127,194	2,532,532	804,662	3,337,194	210,000
Income	(52,270)	(63,547)	11,277	(52,270)	0
NET SUB TOTAL	<b>3,074,924</b>	<b>2,468,985</b>	<b>815,939</b>	<b>3,284,924</b>	<b>210,000</b>
<b>COMMUNITY FAMILY TEAMS &amp; CHILDRENS CENTRES</b>					
Expenditure	6,404,884	4,372,187	2,131,697	6,503,884	99,000
Income	(530,442)	(239,875)	(290,567)	(530,442)	0
NET SUB TOTAL	<b>5,874,442</b>	<b>4,132,312</b>	<b>1,841,130</b>	<b>5,973,442</b>	<b>99,000</b>
<b>CHILDREN LOOKED AFTER</b>					
Expenditure	6,785,660	5,517,612	2,852,398	8,370,010	1,584,350
Income	0	0	0	0	0
NET SUB TOTAL	<b>6,785,660</b>	<b>5,517,612</b>	<b>2,852,398</b>	<b>8,370,010</b>	<b>1,584,350</b>
<b>FAMILY SUPPORT SERVICES</b>					
Expenditure	2,310,344	1,607,135	772,459	2,379,594	69,250
Income	(475,403)	(387,000)	(88,403)	(475,403)	0
NET SUB TOTAL	<b>1,834,941</b>	<b>1,220,135</b>	<b>684,056</b>	<b>1,904,191</b>	<b>69,250</b>
<b>YOUTH JUSTICE</b>					
Expenditure	735,684	590,394	145,290	735,684	0
Income	(387,414)	(396,841)	9,427	(387,414)	0
NET SUB TOTAL	<b>348,270</b>	<b>193,553</b>	<b>154,717</b>	<b>348,270</b>	<b>0</b>
<b>MANAGEMENT &amp; SUPPORT</b>					
Expenditure	456,935	309,962	100,193	410,155	(46,780)
Income	(84,480)	(8,546)	(75,934)	(84,480)	0
NET SUB TOTAL	<b>372,455</b>	<b>301,416</b>	<b>24,259</b>	<b>325,675</b>	<b>(46,780)</b>
<b>FUNDING FROM RESERVES</b>	<b>0</b>	<b>0</b>	<b>(164,811)</b>	<b>(164,811)</b>	<b>(164,811)</b>
<b>ADOPTION REFORM GRANT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EDUCATION SERVICES GRANT</b>	<b>(2,577,250)</b>	<b>(1,300,123)</b>	<b>(1,277,127)</b>	<b>(2,577,250)</b>	<b>0</b>
<b>CHILDRENS SERVICES SUMMARY</b>					
EXPENDITURE	19,820,701	14,929,822	6,806,699	21,736,521	1,915,820
INCOME	-4,107,259	-2,395,932	-1,876,138	(4,272,070)	(164,811)
<b>TOTAL</b>	<b>15,713,442</b>	<b>12,533,890</b>	<b>4,930,561</b>	<b>17,464,451</b>	<b>1,751,009</b>
<b>YOUTH SERVICES SUMMARY</b>					
EXPENDITURE	40,625	37,560	3,065	40,625	0
INCOME	0	0	0	0	0
<b>TOTAL</b>	<b>40,625</b>	<b>37,560</b>	<b>3,065</b>	<b>40,625</b>	<b>0</b>
<b>C.Y.P.S. OVERALL SUMMARY</b>					
EXPENDITURE	32,155,883	22,750,017	11,541,807	34,291,824	2,135,941
INCOME	(5,460,549)	(3,280,810)	(2,444,550)	(5,725,360)	(264,811)
<b>TOTAL</b>	<b>26,695,334</b>	<b>19,469,207</b>	<b>9,097,257</b>	<b>28,566,464</b>	<b>1,871,130</b>

## Schedule of Projected Variances

<b>SUMMARY</b>	
	<b>Variance</b> £000
Key Risk in MTFP	1549
Variances >£25k / £50k	1029
Other Minor Variances	-162
Use of Earmarked Reserves	-545
<b>Directorate Total</b>	<b>1871</b>

<b>Key Risk Identified in MTFP</b>		
<b>Service Area</b>	<b>Key Risk Item</b>	<b>Variance</b> £000
Children In Care	Looked After Children	993
Children In Care	Ex - Looked After Children	401
Children In Care	External Legal Costs	50
	Home to School transport reductions	0
	Transfer of Learning Partnership West - delayed savings	105
		1549

<b>Financial Variance &gt;£25k / £50k</b>		
<b>Service Area</b>	<b>Reason for Variance</b>	<b>Variance</b> £000
Social Work Commissioning	Vacancy Management	513
Corporate Recharges	Internal Legal Costs	30
	Youth Grants	55
Family Support Services	Adoption Reform	59
	High Impact Families Team	287
	Transformation Team	133
	Childrens IT Systems	30
	Direct Payments - Disabled Children	50
Non-Schools Expenditure	Early Years Strategic Costs	0
	Adoption Agency Fees	-128
		1029

<b>Other Minor Variances</b>		
<b>Service Area</b>		<b>Variance</b> £000
Family Support Services	Adoption Reform - Additional Grant	-59
	Ext.Rights to Free Transport - addtl grant	0
	School Crossings	-23
	Clevedon Walk - empty property	-56
	Other minor variances	-24
		-162

<b>Transfers to / from Earmarked Reserves</b>		
<b>Service Area</b>	<b>Earmarked Reserve</b>	<b>Variance</b> £000
	Transformation Reserve	-153
	CWDC training for Social Workers	-10
	High Impact Families Grant	-287
	Youth Grants	-55
	Traded Services	-10
	Childrens IT Reserve	-30
		-545

## SALARY MONITORING 2014/15

	Budgeted FTE's	ACTUAL COSTS INCURRED							Sub Total	Grant / Reserves Income	TOTAL COSTS TO 31/12/2014	ANNUAL BUDGET	PHASED BUDGET	VARIANCE TO PHASED	PROJECTED YEAR END VARIANCE	
		April to June	September	July to Sep	Oct	Nov	Dec	Oct to Dec								
		£	£	£	£	£	£	£								
<b>Children &amp; Young People's Services</b>																
<b>Dedicated Schools Grant:</b>																
Early Years and Virtual Schools funding	8.44	65,496	22,932	71,738	23,516	23,247	23,890	70,653	207,887	0	<b>207,887</b>	335,902	239,927	(32,040)	(42,719)	
Education Other than at School	12.58	138,943	42,902	150,505	40,906	40,290	37,202	118,398	407,846	0	<b>407,846</b>	565,831	427,373	(19,527)	(26,036)	
Behaviour Improvement	15.74	134,915	46,476	138,328	46,717	47,037	48,118	141,872	415,115	0	<b>415,115</b>	525,032	398,774	16,341	21,788	
<b>SUB TOTAL DSG</b>	<b>36.76</b>	<b>339,354</b>	<b>112,310</b>	<b>360,571</b>	<b>111,139</b>	<b>110,574</b>	<b>109,210</b>	<b>330,923</b>	<b>1,030,848</b>	<b>0</b>	<b>1,030,848</b>	<b>1,426,765</b>	<b>1,066,074</b>	<b>(35,226)</b>	<b>(46,968)</b>	
<b>LEA:</b>																
Directorate	7.00	111,002	42,858	128,166	43,877	44,906	43,659	132,442	371,610	0	<b>371,610</b>	524,560	390,920	(19,310)	(25,747)	
Strategy	21.38	191,975	71,215	235,189	74,484	74,636	74,083	223,203	650,367	(28,000)	<b>622,367</b>	793,784	595,338	27,029	36,039	
Pupil & Community Services	37.40	406,728	121,331	372,636	140,928	134,445	128,022	403,395	1,182,759	(32,000)	<b>1,150,759</b>	1,504,413	1,122,310	28,449	37,932	
Traded Services *	37.29	445,553	122,529	399,854	138,900	139,839	139,987	418,726	1,264,133	(59,900)	<b>1,204,233</b>	1,605,610	1,204,208	26	34	
Childrens Centres & Early Years	82.81	641,403	212,549	634,858	209,750	210,810	225,414	645,974	1,922,235	0	<b>1,922,235</b>	2,620,394	1,935,296	(13,061)	(17,414)	
<b>SUB TOTAL LEA</b>	<b>185.88</b>	<b>1,796,661</b>	<b>570,482</b>	<b>1,770,703</b>	<b>607,939</b>	<b>604,636</b>	<b>611,165</b>	<b>1,823,740</b>	<b>5,391,104</b>	<b>(119,900)</b>	<b>5,271,204</b>	<b>7,048,761</b>	<b>5,248,071</b>	<b>23,133</b>	<b>30,844</b>	
<b>Children's Social Services:</b>																
Commissioning & Social Work	78.86	801,798	279,894	864,269	301,347	296,424	300,600	898,371	2,564,438	0	<b>2,564,438</b>	2,961,422	2,306,067	258,372	344,496	
Community Family Support Teams	123.82	1,079,784	361,393	1,124,324	368,321	348,980	390,704	1,108,005	3,312,113	0	<b>3,312,113</b>	4,159,276	3,188,457	123,656	164,874	
Family Support Services	4.63	51,694	10,733	39,257	19,361	14,389	14,915	48,666	139,617	0	<b>139,617</b>	160,622	119,262	20,355	27,140	
Youth Justice & High Impact	27.60	238,640	73,828	224,148	77,898	78,638	80,843	237,379	700,167	0	<b>700,167</b>	999,351	724,513	(24,346)	(32,462)	
<b>SUB TOTAL CHILDREN'S SOC SERV</b>	<b>234.91</b>	<b>2,171,915</b>	<b>725,849</b>	<b>2,251,999</b>	<b>766,927</b>	<b>738,432</b>	<b>787,062</b>	<b>2,292,421</b>	<b>6,716,335</b>	<b>0</b>	<b>6,716,335</b>	<b>8,280,671</b>	<b>6,338,299</b>	<b>378,036</b>	<b>504,048</b>	
<b>CHILDREN &amp; YOUNG PEOPLE'S TOTAL</b>	<b>457.55</b>	<b>4,307,930</b>	<b>1,408,641</b>	<b>4,383,273</b>	<b>1,486,005</b>	<b>1,453,642</b>	<b>1,507,437</b>	<b>4,447,084</b>	<b>13,138,287</b>	<b>(119,900)</b>	<b>13,018,387</b>	<b>16,756,197</b>	<b>12,652,443</b>	<b>365,944</b>	<b>487,925</b>	
To be incorporated within General Fund												11,987,539	15,329,432	11,586,369	401,169	534,859
To be retained in DSG												1,030,848	1,426,765	1,066,074	(35,226)	(46,968)
<b>PUBLIC HEALTH SALARIES</b>																
SEXUAL HEALTH	1.49	21,470	7,379	22,244	7,379	7,423	7,379	22,181	65,894	0	<b>65,894</b>	78,054	57,955	7,939	10,585	
PUBLIC HEALTH ADVICE (MATERNITY)	1.00	12,739	4,212	12,662	739	739	739	2,217	27,619	0	<b>27,619</b>	44,313	32,902	(5,284)	(7,045)	
STOP SMOKING	5.19	41,671	11,671	37,863	16,755	13,542	15,575	45,872	125,406	0	<b>125,406</b>	187,638	131,321	(5,916)	(7,887)	
CHILDREN PUBLIC HEALTH PROGRAMME:	3.10	21,338	7,113	21,338	7,113	7,113	7,113	21,338	64,013	0	<b>64,013</b>	108,492	77,555	(13,542)	(18,056)	
PH MANAGEMENT & SUPERVISION	17.80	165,324	52,446	161,413	54,224	55,248	59,248	168,720	495,458	0	<b>495,458</b>	798,902	566,185	(70,727)	(94,303)	
	<b>28.58</b>	<b>262,541</b>	<b>82,820</b>	<b>255,519</b>	<b>86,210</b>	<b>84,065</b>	<b>90,053</b>	<b>260,328</b>	<b>778,389</b>	<b>0</b>	<b>778,389</b>	<b>1,217,399</b>	<b>865,919</b>	<b>(87,530)</b>	<b>(116,707)</b>	

**MONITORING OF EARMARKED RESERVES**

	Opening Balance 1/4/14 £	Actual Movements Journalled in ABW				Current Balance in ABW £	Other Proposed Movements				Projected Final Balance @ 31/3/15 £
		Use of Reserve - Revenue £	Use of Reserve - Capital £	Transfer into Reserve from Revenue £	Transfers between Reserves £		Use of Reserve - Revenue £	Use of Reserve - Capital £	Transfer into Reserve from Revenue £	Transfers between Reserves £	
ZXB200 Earmarked Reserves - Schools	-4,971,840.10	4,971,840.10		0.00		0.00					0.00
ZXB201 Earmarked Reserves - DSG	-1,079,298.48	1,079,298.48		0.00		0.00					0.00
ZXB372 CYPS Sickness Pooling Reserve	-102,331.73	102,331.73				0.00					0.00
ZXB361 CYPS Youth Services Reserves	-53,805.44					-53,805.44	53,805.44				0.00
ZXB362 CYPS Education Traded Services	-59,621.00					-59,621.00	10,000.00				-49,621.00
ZXB371 CYPS Troubled Families	-408,904.39					-408,904.39	287,000.00				-121,904.39
ZXB370 CYPS CWDC Funds for Social Workers	-100,222.34					-100,222.34	10,000.00				-90,222.34
ZXB375 CYPS Transformation Prog Reserve	-277,087.50	153,000.00				-124,087.50					-124,087.50
ZXB366 CYPS Harnessing Technology	-129,190.30					-129,190.30	30,000.00				-99,190.30
ZXB376 Public Health Reserve	-531,957.48					-531,957.48	82,000.00				-449,957.48
CYPS Reserves	-1,028,830.97	153,000.00	0.00	0.00	0.00	-875,830.97	390,805.44	0.00	0.00	0.00	-485,025.53
Public Health Reserves	-531,957.48	0.00	0.00	0.00	0.00	-531,957.48	82,000.00	0.00	0.00	0.00	-449,957.48
DSG/School Reserves	-6,153,470.31	6,153,470.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL Of all Reserves	-7,714,258.76	6,204,138.58	0.00	0.00	0.00	-875,830.97	390,805.44	0.00	0.00	0.00	-485,025.53

**MONITORING OF EARMARKED RESERVES**

	Approved use of reserve					Notes / Comments / Further Details	2014/15	2015/16	2016/17	2017 +
	Unconditional Grant	Statutory / Legal Reserve	To cover key service risk	To finance approved project	Other		£000	£000	£000	£000
	Y / N	Y / N	Y / N	Y / N	Y / N					
ZXB200 Earmarked Reserves - Schools		0.00				This money is Schools and unfortunately we as in the Local Authority can't touch it.	0	0	0	0
ZXB201 Earmarked Reserves - DSG		0.00					0	0	0	0
ZXB372 CYPS Sickness Pooling Reserve					0.00	Sickness pooling scheme for Schools so DSG funded	102	0	0	0
ZXB361 CYPS Youth Services Reserves				0.00		Most grants agreed in 13/14 but some won't be finalised until 14/15	54	0	0	0
ZXB362 CYPS Education Traded Services					-49,621.00		59	0	0	0
ZXB371 CYPS Troubled Families	-121,904.39					Potential to receive more grant than spending plans in 13/14 due to delayed full implementation.	310	98	0	0
ZXB370 CYPS CWDC Funds for Social Workers					-90,222.34	Some statutory training and implementation of Munro recommendations in both years	61	39	0	0
ZXB375 CYPS Transformation Prog Reserve				-124,087.50		Staffing Commitments	221	57	0	0
ZXB366 CYPS Harnessing Technology	-99,190.30					Most of the upgrades to networks should be completed in 13/14 but likley to be some residual costs in 14/15	129	0	0	0
ZXB376 Public Health Reserve					-449,957.48					
CYPS Reserves										
Public Health Reserves										
DSG/School Reserves										
TOTAL Of all Reserves	-221,094.69	0.00	0.00	-124,087.50	-589,800.82					