

Subject: 2008/09 Final Outturn and Budget 2009/10
Date of Meeting: 20 July 2009
Report of: Director of Children's Services
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Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report details the final outturn figures for the CYPT, subject to audit. The table below shows an analysis of the main areas which show a final under spend to 31st March 2009 on the pooled budget of £1,308k.
- 1.2 The underspend of £1,308k relates to Brighton & Hove City Council services. Community Health and Primary Care Services showed a nil variance to 31st March 2009. Much of the underspend relates to reductions in numbers and costs relating to Independent Foster Agency and Residential Agency Placements . These are historically volatile budgets where significant progress has been made in ensuring better value placements. Increased activity towards the end of the financial year 2008/09 would seem to indicate these budgets will be under pressure in 2009/10.

The non-pooled underspend of £1,417k relates to City Council services funded by the Dedicated Schools Grant. This grant is payable by the DCFS under section 14 of the Education Act 2002 to fund the schools budget. The guidance issued by the DCFS states that this underspend must be carried forward to support the schools budget in future years.

1.3 CYPT budget analysis (net of Government grants):

2008/09	Budget £'000	Outturn £'000	Variance £'000
Non- Pooled (DSG)	0	(1,417)	(1,417)
Non- Pooled (Other)*	(1,204)	(1,204)	0
Section 75 Pooled Budgets	59,824	58,516	(1,308)
Section 75 Restricted Budgets (support service charges)	6,865	6,865	0
Total	65,485	62,760	(2,725)

*Non-Pooled (other) consists of technical accounting adjustments relating to FRS 17 pension contributions and carry forward of schools balances.

The table below shows the sources of funding:

Budget 2008/09	BHCC	Community Health Services	Primary Care Services	Total
	£'000	£'000	£'000	£'000
Non- Pooled (DSG)	0	0	0	0
Non- Pooled (Other)	(1,204)	0	0	(1,204)
Section 75 Pooled Budgets	50,502*	7,335	1,987	59,824
Section 75 Restricted Budgets (support service charges)	5,352	1,513	0	6,865
Total	54,650	8,848	1,987	65,485

***The figures in the table above are net of Government Grant income.**

Since Month 6 the overall budget for the Trust has decreased by £3.022m to £59.824m The reasons for this are set out in the table below.

	BHCC	Community Health Services	Primary Care Services	Total
	£'000	£'000	£'000	£'000
Budget at Month 6	54,278	7,073	1,495	62,846
Standards Fund & other budgets carried forward to 2009/10	(3,453)			(3,453)
Contributions to capital expenditure	(237)			(237)
Other budget adjustments	(86)	(10)		(96)
Additional in year contributions (Child Death Review, Aiming High)			119	119
Additional contribution re children's substance misuse			192	192
Identified cost pressures (including orthotics, feeding sets)		120		120
Vacancy factors and managerial savings		(211)		(211)

Increase in contribution from PCT to meet identified cost pressures		363	181	544
Budget at Outturn	50,502	7,335	1,987	59,824

2. RECOMMENDATIONS:

- 2.1 To note the total CYPT underspend of £2,725k including an underspend of £1,308k on pooled budgets and an underspend of £1.417k on Dedicated Schools Grant (DSG) items. The BHCC element of this overspend totals £1,308k (see table in paragraph 3.1).
- 2.2 To note the movements in budget since Month 6, including the additional contributions from NHS Brighton and Hove. (See table in paragraph 1.3).
- 2.3 To note the budget for 2009/10 (See table in paragraph 3.4).

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The table below shows the final underspend position in 2008/09

Details	Total Variances	Non Sec 75 Variances	Total Pooled Variances
	Final Outturn	(DSG)	Final Outturn
	£000	£000	£000
	(a)	(b)	(a-b)
<u>Corporate Critical Budgets</u>			
Independent Foster Agency Payments	-184	0	-184
Residential Agency Placements	-853	0	-853
Disability Agency Placements/Palmeira	65	0	65
Secure Accommodation	-9	0	-9
In-House Foster Care	-456	0	-456
Leaving Care Payments	254	0	254
Educational Agency Placements	-871	-871	0
Total Corporate Critical	-2,054	-871	-1,183
<u>Departmental Critical Budgets</u>			
Home to School Transport	-32	0	-32
Area Social Work Teams	-336	0	-336
Legal Fees	-174	0	-174
Total Departmental Critical	-542	0	-542
<u>Other Departmental Budgets</u>			
Directors Budget	17	0	17

East Area, Early Years & NHS Commissioning	-108	-176	68
Central Area & Schools Support	686	20	666
Learning & Schools	-76	-114	38
West Area & Youth Support	-115	-34	-81
Specialist Services	-266	-96	-170
Quality & Performance	-124	-3	-121
Vacancy Management Target	0	0	0
Total Other	14	-403	417
Other DSG Budgets			
DSG Carry Forward (2007/2008 funding)	-143	-143	0
Total DSG	-143	-143	0
Net Social Care and Education Position to Report	-2,725	-1,417	-1,308
Community Health Services	0	0	0
Primary Care Services	181	0	181
PCT - Non recurrent budget contribution	-181	0	-181
Total Net Primary Care Services	0	0	0
Total CYPT	-2,725	-1,417	-1,308

3.2 The table below shows the net variance by service area:

	Budget	Forecast	Final Outturn Variance -Under/Over	Variance
	£000	£000	£000	%
DIRECTOR	1,087	1,104	17	1.56
EAST, EARLY YEARS & NHS COMM SERVICES	10,438	10,652	214	2.05
CENTRAL AREA & SCHOOL SUPPORT	8,614	9,176	562	6.52
Dedicated Schools Grant	-123,514	-123,514	0	0.00
DSG Internal Recharges	1,697	1,697	0	0.00
Individual Schools Budgets	106,140	106,140	0	0.00

LEARNING & SCHOOLS	5,854	5,892	38	0.65
WEST AREA & YOUTH SUPPORT	8,778	8,541	-237	-2.70
SPECIALIST SERVICES	30,252	28,471	-1,781	-5.89
QUALITY & PERFORMANCE	1,156	1,035	-121	-10.47
VACANCY MANAGEMENT TARGET	0	0	0	0.00
SOCIAL CARE & EDUCATION TOTAL	50,502	49,194	-1,308	-2.59
Community Health Services				
COMMUNITY HEALTH SERVICES	7,335	7,335	0	0.00
PRIMARY CARE SERVICES	1,806	1,987	181	10.02
PCT - Non recurrent budget contribution	181	0	-181	n/a
Total Net Primary Care Services	1,987	1,987	0	0.00
Total	59,824	58,516	-1,308	-2.19

3.3 Explanation of key variances

3.3.1 Corporate Critical Budgets

The year-end position on the CYPT corporate critical budgets shows an underspend of £2,054k. The breakdown is shown below:

Corporate Critical Budgets (non DSG)			Variance
			£000
Independent Placements	Foster	Agency	-184
Residential Placements			-853
Disability Agency Placements			65
Secure Accommodation			-9
In-House Placements			-456
Leaving Care			254
Educational Agency Placements			-871
Total			-2,054

The 2008/09 budget for Child Agency and In House Placements and Services for care leavers is £17.150m. During 2008/09 expenditure for these areas amounted to £15.968m which represents an underspend of -£1.182m. An analysis of this is shown in the table below.

Type of Placement	2008/2009 Budgeted FTE	2008/2009 Base Budget (£)	Current Number of Placements	2008/2009 Actual FTE Placements	2008/2009 Actual Spend (£)	Variance (£)
Foster Care (IFA)	89.00	4,350,600	109.00	91.12	4,166,700	-183,900
Residential School Placement	27.50	4,641,100	24.00	23.45	3,808,300	-832,800
Family Assessment	11.50	404,600	8.00	8.25	340,500	-64,100
Disability Placements	2.00	100,000	1.00	1.11	143,800	43,800
Disability Respite	8.00	757,900	8.00	8.63	887,800	129,900
Secure Accommodation	n/a	138,000	n/a	n/a	73,500	-64,500
	1.50	402,000	2.00	1.89	392,800	-9,200
AGENCY TOTAL:	139.50	10,794,200	152.00	134.44	9,813,400	-980,800
<u>In-House Placements</u>						
Fostering Placed with Relatives Residence Orders	171.00	3,658,000	160.00	154.93	3,379,100	-278,900
Special Guardianship	33.00	366,100	28.00	21.40	256,100	-110,000
	150.00	1,294,800	152.00	149.19	1,322,700	27,900
	17.00	265,900	22.00	20.50	171,100	-94,800
IN-HOUSE TOTAL:	371.00	5,584,800	362.00	346.02	5,129,000	-455,800
<u>Care Leavers</u>						
Leaving Care	25.00	661,900	41.00	42.05	837,800	175,900
Ex Asylum Seekers	n/a	108,800	26.00	28.84	187,300	78,500
CARE LEAVERS TOTAL:	25.00	770,700	67.00	70.89	1,025,100	254,400
GRAND TOTAL:	535.50	17,149,700	581.00	551.35	15,967,500	1,182,200

Educational Agency Placements

The final position showed an underspend of -£871k due mainly to a reduction in numbers from when the budget was initially set. At the start of the financial year it was estimated that there would be 130 placements whereas final placements totalled 109 a reduction of 21 cases.

As this budget area forms part of the DSG, the underspend of-£871k will be carried forward at the year-end.

3.3.2 Departmental Critical Budgets

Home to School Transport

Overall the Home to School Transport budget underspent by -£32k.

The underspend was partially helped by a £53k grant for Extended Rights for Free Travel.

A breakdown of the underspend is shown in the table below:

Detail	Budget	Variance
	£000	£000
Escort Fees	31	-1
Hillside Recharge	1321	10
Lot Contracts	2,734	-130
Public Transport	7	-4
Bus Passes/Contracted Buses (net of grant)	214	173
Equipment	1	-1
LAC Recoupment	150	-50
Recoupment Income	-17	24
Grant		-53
Total	3,241	-32

Area Social Care Teams

The overall underspend on the Social Care Area teams was -£336k. An analysis of this variance is shown below:

Detail	Variance
	£000
Permanent Staff – Additional hours/vacancies	-506
Agency/ Sessional Staff	101
Staff Advertising	49
Relocation/Miscellaneous Recruitment & Retention costs	-28
Premises Costs	10
Transport Costs	64
Supplies & Services	6
Transfer/Third party payments	-19
Income	-13
Total	-336
Service Area	Variance
	£000
East	-108
Central	-72
West	-156
Total	-336

Legal Fees

Given the extremely volatile nature of the spending patterns relating to the cost of care proceedings the figures for 2008/09 should not be regarded as indicators of any trend relating to this budget. The costs of running care proceedings are significant. Costs

include not just the costs of Counsel to represent the authority where needed in addition to the in house legal team, but a significant element relates to the cost of independent expert reports commissioned by the court. These can include residential assessments of the parents with their children where the total cost over months can be in excess of £100,000, with the potential for a single case therefore to distort the budget.

In 2008/9 in keeping with national trends the numbers of care proceedings issued was significantly lower than previous years in the first six months of the financial year. The reasons for this are complex. In part they relate to an effort to manage cases for as long as possible within the community (per the Every Child Matters agenda), and in part because in April 2008 the court system for care proceedings changed so as to require the assessments of the parents and extended family to be front loaded and conducted almost to the point of completion prior to the commencement of proceedings, unless in an emergency. This always meant that there was the potential for a “bottleneck” of cases to arise in the first year of operation of the new system. Towards the end of 2008 the numbers of cases being taken to court started to increase significantly compared with earlier in the year, and by the last quarter of the financial year the rates of issue were significantly higher than during the same period in 2008. This is entirely in line with national trends following the death of Baby Peter. Indeed other authorities have seen their numbers of care proceedings increase by as much as 80%.

The current trend in court proceedings both locally and nationally means there is almost no prospect of this underspend being replicated in the current financial year, more likely this budget and all those relating to looked after children will come under severe pressure as a result of an ongoing increase in the numbers of looked after children both in and out of court proceedings.

3.3.3 Dedicated Schools Grant

The total forecast outturn for DSG was an underspend of £1,417k. Details as follows:

	Variance
	£000
Educational Agency	-871
SEN Prevention Work	-70
Early Years 3 & 4 year Olds	-112
Unallocated DSG Carry Forward 2007/2008	-143
Recoupment	-58
Other	-163
Total Movement	-1,417

DMT have already agreed to fund £598k of 2009/10 pressures from the 2008/09 carry forward. These are mainly Area Panels funding of £150k and the Equal pay top slice of £416k. In addition £11k will be required to fund the unspent balance of the 2008/09 combined services contribution, £10k towards an adoption support worker and £11k as a contribution to the Head of safeguarding

3.3.4 Community Health Services

Community Health budgets, provided by South Downs Health NHS Trust, within the CYPT pooled budget were £363,000 overspent at the end of 2008/09. This reflects historical funding issues, which are a specific focus on budget-setting for 2009/2010.

The PCT made an additional non-recurrent contribution to the pooled budget to make up this shortfall in 2008/09, passing this funding through to the Community Health provider.

3.3.5 Primary Care Trust Budgets

The PCT initial direct contribution to the CYPT pooled budget was £1.495m, which was supplemented by additional contributions of £0.119m. A number of high cost placements arose during the year, giving rise to a net overspend of £181,000 and the PCT made an additional contribution to the budget to match these costs. The PCT also included funding for children's substance misuse services of £192,000 within the pool at the year end.

For 2009/2010, the PCT has reached agreement - via the CYPT Commissioner - with Sussex Partnership Trust for an element of the budget to be directly managed by SPT, as part of a wider package of investment by the PCT in Children's Mental Health services. SPT have agreed a risk-share approach to this budget, which it is anticipated will reduce the risk of overspends in future years.

3.4 2009/10 Budgets

The table below shows the CYPT budget analysis (gross of grants) for 2009/10.

Budget 2009/10	BHCC	Community Health Services	Primary Care Services	Total
	£'000	£'000	£'000	£'000
DSG	0	0	0	0
Section 75 Pooled Budgets	84,232*	7,791	1,524	93,547
Section 75 Restricted Budgets (support service charges)	5,323	1,513	0	6,836
Total	89,555	9,304	1,524	100,383

* This figure excludes Government grant income of £35.525m. The BHCC contribution net of grant income is therefore £48.707m.

The PCT contribution is being finalised, but reflects agreement between the PCT finance staff and the CYPT commissioning and finance team. The overall budget has increased by 2%, but within this increase, new commissioning arrangements for Specialist Childrens Placements and CAMHS, mean that the overall risk of overspend for 2009/2010 has been reduced, alongside a significant additional package of investment in the arrangements for the provision of CAMHS. This is being delivered in partnership with SPT, who have agreed on lead responsibility for the management of specialist placements, with an associated risk share agreement. The PCT and CYPT are now also contributing towards the funding costs of the Chalkhill service.

For Community Health Service, provided under contract by South Downs Health Trust, the budget arrangements are more complex, but progress has been made on implementing a solution to the underlying financial issues. For 2009/2010, strengthened

support will be made available to budget-holders and financial pressures will be resolved jointly between the CYPT and South Downs Health Trust. This can be seen in the table below, which sets out the challenges and savings plans assumptions contained within the budget.

	£000
Historical financial Issues	363
SDH contribution to in year pressures	154
CYPT contribution to in year pressures	202
Total Pressures	719

SDH are making a contribution of £154K, based on improved efficiency in back office functions (the service support charges), while the CYPT are planning a contribution of £202K through restructuring the direct service budget lines. This leaves an ‘historical’ pressure of £363K, which is to be addressed in the medium term, as the back office and direct service budget lines are brought more clearly within the pool and managed in totality. For 2009/2010, this pressure is being managed jointly by the PCT, CYPT and SDH in working to deliver increased efficiencies across the whole service. The PCT has indicated that it will ensure that neither SDH or the CYPT suffers adverse financial consequences from this historical pressure, if the progress maintained towards securing a sustainable medium term solution continues. Delivery of the agreed savings represents a challenge for each of the provider and commissioner elements of the CYPT, and will be carefully monitored across the financial year.

The detailed Section 75 schedules are shown in Appendix 1.

4. CONSULTATION

4.1 No specific consultation has been undertaken in relation to this report.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 Included within the body of the report.

Legal Implications:

5.2 The underspend is being managed in accordance with the Section 75 pooled budget arrangements. A consideration of some of the unusual factors which may account for the underspend is found in the body of the report relating to the legal budget.

Lawyer consulted: Natasha Watson

Date: 22/06/2009

SUPPORTING DOCUMENTATION

Appendices:

1. 2009/10 Section 75 Schedules

Documents In Members’ Rooms

1. None